

Selene Midco Limited

Directors' report and financial statements

Year ended 31 December 2020

Registered number: 10998873



Selene Midco Limited

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Selene Midco Limited

Director and other information

Board of Directors

Fady Bakhos
Liam Cunningham

Registered office

27 Knightsbridge
London
SW1X 7LY

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Allied Irish Bank (GB)
City Office
9-10 Angel Court
London
EC2R 7AB

Solicitors

MacFarlanes LLP
10 Norwich Street
London
EC4A 1BD

Registered Number

10998873

Selene Midco Limited

Directors report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

The Company has taken the exemption for small companies in relation to the Strategic report provided by Section 414B of the Companies Act 2006.

Activities

The principal activity of the company is that of a holding company of The Berkeley and The Connaught Hotel. The Company has historically prepared consolidated financial statements.

Following a group reorganisation on 13 March 2020, shares in the Company were transferred by its previously immediate parent Selene S.A.R.L. to Selene Holdings Limited. This resulted in Selene Holdings Limited becoming the immediate parent, consolidating Selene Midco Limited and preparing consolidated financial statements for the year ended 31 December 2020.

The company will therefore no longer prepare consolidated accounts and these financial statements are prepared on a solus basis.

As part of the reorganisation, the Company has also disposed its investments in its immediate subsidiaries; Maybourne Hotels Limited and Goldrange Properties Limited. The ownership of these entities has been transferred to Selene S.A.R.L.

Review of developments and future prospects

The income statement is set out on page 10. The loss for the year ended 31 December 2020 before taxation was £150k (2019: £nil).

Dividends

During the year dividends amounting to £102,709 were received and paid (2019: £nil).

Directors and their interests

The directors who held office during the year were as follows:

Liam Cunningham
Fady Bakhos

The directors and secretary do not hold any material interests in the shares of the company or any other company in the group.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Selene Midco Limited

Directors' report (continued)

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report

Political and charitable contributions

The company made no political or charitable contributions during the year (2019: nil).

COVID-19

The directors consider that in the short term, the biggest financial risk facing the Company is the continued outbreak of COVID-19, that started in February 2020, which was subsequently categorised as an international pandemic by the World Health Organisation on 11 March 2020. Measures taken by various governments worldwide including the UK government, to contain the spread of the virus have severely affected the performance of the hotels owned by the company's subsidiaries from March 2020 to date, leading to the unprecedented decision to close the Berkeley Hotel and Connaught Hotel between 24 March 2020 and 4 July 2020 (Berkeley) and 14 July 2020 (Connaught). The impact of the pandemic has therefore significantly reduced the amount of available free cash within the group, however development works continue to be funded by the Company's ultimate beneficial owner. Both hotels continued to operate despite restrictions introduced by the UK government for the period from 5 November 2020 to the date of signing these financial statements. Company management has got every confidence that the travel and leisure market will continue to recover once vaccination rates reach higher levels and national and international restrictions are eased. Government easing of restrictions from mid April 2021 continues to have a positive impact on the hotels' occupancy and revenue KPI's. In the interim, the directors and management of the wider group are working very closely with third parties and ownership to secure sufficient liquidity to meet its obligations, maximising the available support from the UK government and renegotiating contractual arrangements. The directors are confident that the Company's liquidity requirements will be met, predominantly through the continued financial support of the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, further details of which are provided in the going concern note.

Going Concern

The Company is loss making. As at the balance sheet date, the Company has net current liabilities of £nil (2019: £58.4 million net current liabilities) and net assets of £454.9 million (2019: £396.6 million net assets). The directors have performed a going concern assessment with reference to the company's cash flow forecasts for a period up until 31 December 2022. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors also consider the ongoing support required from the ultimate beneficial owner which is discussed in more detail below.

The Group's projections for the remainder of 2021 and 2022 show that the Company is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of at least 12 months from the date of approval of the financial statements.

Selene Midco Limited

Directors' report (continued)

Going Concern (*continued*)

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Company. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors ('the Board') and signed on behalf of the Board



Liam Cunningham
Director

30 November 2021

Selene Midco Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

On behalf of the board



Liam Cunningham
Director

30 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELENE MIDCO LIMITED

Opinion

We have audited the financial statements of Selene Midco Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELENE MIDCO LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELENE MIDCO LIMITED
(CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud are detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and the relevant direct tax compliance regulation in the United Kingdom as well as the anti-money laundering legislation, data protection act, occupational health and safety regulations and other employment regulations.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation, including board minutes.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of senior management and where applicable, those charged with governance; review of board minutes; testing journals identified by specific risk criteria and obtaining written representations from management on behalf of the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and we designate revenue recognition and specifically the risk of management override as fraud risks. In response to the fraud risks identified, we performed audit procedures including incorporating data analytics into our testing of journals posted to accounts associated to revenue; testing specific revenue transactions back to source documentation and setting precise revenue expectations and comparing to actuals.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELENE MIDCO LIMITED
(CONTINUED)

***Explanation as to what extent the audit was considered capable of detecting irregularities,
including fraud (continued)***

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the auditor.

Rebecca Turner (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
SE1 2AF

30 November 2021

Selene Midco Limited

Registered number: 10998873

Income Statement

for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Loss on disposal of investments	4	(150)	-
Loss on ordinary activities before tax		(150)	-
Tax on profit on ordinary activities		-	-
Loss for the financial year		(150)	-

All activities in the current and preceding periods are derived from continuing operations.

Statement of other comprehensive income

for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit/(loss) for the year		(150)	-
Items that will not be reclassified to profit and loss			
Dividends paid		(103)	-
Other comprehensive loss, net of tax		(103)	-
Total comprehensive loss for the year		(253)	-

Selene Midco Limited

Registered number: 10998873

Balance sheet

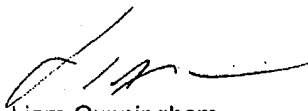
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	5	454,900	455,050
		<hr/>	<hr/>
Creditors: amounts falling due within one year		-	(58,448)
		<hr/>	<hr/>
Total assets less current liabilities		454,900	396,602
		<hr/>	<hr/>
Net assets		454,900	396,602
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	338,254	279,806
Profit and loss account		116,646	116,796
		<hr/>	<hr/>
Shareholders' funds		454,900	396,602
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within the Companies Act 2006, part 15.

These financial statements were approved by the board of directors on 30 November 2021.

Signed on behalf of the Board of Directors


Liam Cunningham
Director

Selene Midco Limited

Registered number: 10998873

Statement of changes in equity for the year ended 31 December 2020

	Share capital £'000	Retained Earnings £'000	Total £'000
At 31 December 2018	279,806	116,796	396,602
Loss for the financial year	-	-	-
At 31 December 2019	279,806	116,796	396,602
Issue of shares	58,448	-	58,448
Loss for the financial year		(150)	
Other comprehensive loss		(103)	
Dividends received (Note 8)	-	103	(150)
Balance at 31 December 2020	338,254	116,646	454,900

The accompanying notes form an integral part of the financial statements.

The reserve for Retained earnings represents accumulated losses of the Company less any distributions to shareholders.

Selene Midco Limited

Notes

forming part of the financial statements

1 Statement of compliance

Selene Midco Limited is a private company incorporated and domiciled in the England and Wales. The company's registered office is 27 Knightsbridge, London, SW1X 7LY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). These financial statements are presented in Sterling, being the functional currency of the company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

2 Significant accounting policies

Basis of preparation

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted certain disclosure exemptions available under FRS 101. These include:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16 and 11 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

The Company is not required to prepare consolidated accounts as it no longer holds subsidiaries. The results of the Company are included in the publicly available consolidated financial statements of Prime Capital S.A., a company incorporated in Luxembourg.

As the consolidated financial statements of Prime Capital S.A include the equivalent disclosures, the company has also taken the exemption under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

Selene Midco Limited

Notes (continued)

2 Significant accounting policies (continued)

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional currency

These financial statements are presented in sterling, being the functional currency of the company. All financial information presented in sterling has been rounded to the nearest thousand, except where otherwise stated.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Going concern

The Company is loss making. As at the balance sheet date, the Company has net current liabilities of £nil (2019: £58.4 million net current liabilities) and net assets of £454.9 million (2019: £396.6 million net assets). The directors have performed a going concern assessment with reference to the company's cash flow forecasts for a period up until 31 December 2022. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors' also consider the ongoing support required from the ultimate beneficial owner which is discussed in more detail below.

The Group's projections for the remainder of 2021 and 2022 show that the Company is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations.

A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of at least 12 months from the date of approval of the financial statements.

Selene Midco Limited

Notes (continued)

2 Significant accounting policies (continued)

Going concern (continued)

The directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Tax

The income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

The income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Selene Midco Limited

Notes (continued)

2 Significant accounting policies (continued)

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit or loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss and other comprehensive income, transaction costs. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Subsequent measurement

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Selene Midco Limited

Notes (continued)

2 Significant accounting policies (continued)

(i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss and other comprehensive income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement – loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or

Selene Midco Limited

Notes (continued)

2 Significant accounting policies (continued)

(ii) Financial liabilities

loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Ordinary dividends are recognised in the period in which they are paid to shareholders.

New and amended standards adopted by the Company:

The standards and interpretations listed below have become effective since 1 July 2019 for annual periods beginning on or after 1 January 2020. While the list of new standards is provided below, we note that these new standards do not have an impact on the Company's financial statements.

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.
- Amendments to IAS 1 and IAS 8 Definition of Material conceptual Framework for Financial Reporting

3 Staff numbers and costs

The Company has no employees. The directors receive no remuneration for their services to this Company.

4 Loss on disposal of investments

	2020 £'000	2019 £'000
Disposal of Investment	150	-

On 13 March 2020, Selene Midco Limited, transferred its entire share capital of Maybourne Hotels Limited to Selene S.A.R.L. The transfer was for a value of £1 whereas Selene Midco Limited's investment in Maybourne Hotels Limited amounted to £150,000. As a result of this group reorganisation the Company's investment in Maybourne Hotels Limited was impaired to £1.

Selene Midco Limited

Notes (continued)

5 Investments	2020 £'000	2019 £'000
Balance at 1 January	455,050	455,050
Disposals	(150)	-
Balance at 31 December	454,900	455,050

On 13th March, as part of the group reorganisation, the Company disposed its entire investment in Maybourne Hotels Limited of £150,000, for a consideration of £1.

At 31 December 2020, the company held 100% of the share capital in the following subsidiaries. All the subsidiary undertakings operate from the country of their incorporation.

Subsidiary undertaking	Country of Incorporation and operation	Activity	Shareholding (ordinary shares)
The Berkeley Hotel Limited	Great Britain	Hotel Operations	100% (indirect)
The Connaught Hotel Limited	Great Britain	Hotel Operations	100% (indirect)
Connaught F&B Limited (dissolved on 20 October 2020)	Great Britain	Food and Beverage operations	100% (indirect)

6 Called up share capital	2020 £'000	2019 £'000
Authorised		
1 share of £1	338,254	279,806
Called up, allotted and fully paid		
1 ordinary share of £1	338,254	279,806

On 13 March 2020 58,448,878 ordinary shares of £1 each in the capital of the Company were issued to capitalise a debt in the sum of £58,448,878 owed by the company to Maybourne Hotel Limited as part of the group reorganisation.

7 Dividends

Dividends paid during the year amounted to £102,769 (2019: £Nil). An equivalent amount was received by the Company from Berkeley Hotels Limited during the year.

Selene Midco Limited

Notes *(continued)*

8 Ultimate parent company

The company's ultimate parent company and controlling party is Prime Capital S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

Selene Holdings Limited, a company incorporated in Great Britain and registered in England and Wales is the smallest group in which the results of the company are consolidated. Copies of those statutory accounts will also be available from its registered office, 27 Knightsbridge, London, SW1X 7LY.

9 Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.