# 41- 43 Brook Street LLP

Annual Report and
financial statements

**Year ended 31 December 2022**

***LLP: OC335486***

# 41- 43 Brook Street LLP

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# 41- 43 Brook Street LLP

## Members and other information

| | |
|---|---|
| **Designated members** | Brook Street 2 Limited<br>Brook Street Trustee Co Number 1 Limited<br>Brook Street Trustee Co Number 2 Limited |
| **Registered office** | 27 Knightsbridge<br>London<br>SW1X 7LY |
| **Auditors** | Deloitte LLP<br>1 New Street Square<br>London<br>EC4A 3HQ |
| **Bankers** | Barclays Bank<br>1 Churchill Place<br>London<br>E14 5HP |
| **Solicitors** | Macfarlanes LLP<br>10 Norwich Street<br>London<br>EC4A 1BD |
| **LLP registered number** | OC335486 |

# 41- 43 Brook Street LLP

## Members' report

The members present their annual report and audited financial statements for the year ended 31 December 2022.

**Principal activities**

The principal activity of 41-43 Brook Street LLP ('the Partnership') is the ownership of the leasehold property known as 41- 43 Brook Street. The Partnership's results are consolidated within the group financial statements of Coroin Limited ("the Group").

**Business review**

The loss for the year ended 31 December 2022 amounted to £17.5m *(2021: profit of £4.0m)*. The members consider that the results for the year as set out on page 9 are in line with their expectations.The Partnership has recorded an impairment of £14,706k during 31 December 2022 (2021: £nil) to reflect decrease in the fair value of property, plant and equipment. The ongoing development works continued to redevolp leasehold property, as part of the redevelopment program of Claridge's Hotel.

**Subsequent events**

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

**Principal risks and uncertainties**

The principal risks and uncertainties relating to the redevelopment program for the property relate to ensuring there is sufficient liquidity for the redevelopment to proceed in line with plan and to ensure the impact of inflation, rise in interest rates, and energy crisis on key supplier arrangements is mitigated as far as possible. Longer term the performance of the business is expected to be closely aligned to the general economic environment and therefore, a key risk facing the Partnership is adverse economic conditions. The Partnership recognises the potentially adverse impact of the Ukraine war and the continued pressure of the increase in the supply chain disruptions, however management believe it has the team, strategies and initiatives in place to defend and build on its position effectively.

**Policy on members' drawings**

The members' drawings policy allows the members to draw a proportion of its profit share, subject to the cash requirements of the business.

**Designated members**

The designated members during the year and to the date of this report were:

- Brook Street 2 Limited
- Brook Street Trustee Co Number 1 Limited
- Brook Street Trustee Co Number 2 Limited

**Disclosure of information to auditors**

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the member's auditors are unaware; and each member has taken all the steps that he ought to have taken as a member to make himself aware of any relevant audit information and to establish that the partnership's auditors are aware of that information.

# 41- 43 Brook Street LLP

## Members' report (continued)

**Members' capital and interests**

Details of any changes in members' capital in the year ended 31 December 2022 are set out in the note 11 of the financial statements.

**Going Concern**

*Operating results*

The Partnership's business activities, together with the factors likely to affect its future development, are set out in the 'Principal risks and uncertainties' sections of the Member's Report.

The Partnership is determined to enhance, invest and further develop this prestigous property by its incorporation into the development program of Claridge's Hotel.

The Group has continued to invest in the development of the building at 41-43 Brook Street in the period since the balance sheet date. This investment continues to be funded by His Highness Sheikh Hamad Bin Khalifa Al-Thani, the ultimate beneficial owner as there is confidence in the long-term return on investment and the viability of the business once the property has been redeveloped.

*Capital expenditure*

The Partnership has net current liabilities. A letter of financial support has been provided by the Company's ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani, stating his intention to support the Company in meeting its committed and forecast capital expenditure up to 31 December 2024 if needed.

*Conclusion*

After making enquiries and taking into account the support of the ultimate beneficial owner, and the future availability of third party financing, the members have a reasonable expectation that the company can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Auditor**

The Company appointed Deloitte LLP as its auditor on 12 December 2020. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

On behalf of the members

Nasir Pasha
*For Brook Street 2 Limited Designated member*

27 November 2023

# 41- 43 Brook Street LLP

## Statement of members' responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditor's report to the member of 41-43 Brook Street LLP

### *Report on the audit of the financial statements*

#### *Opinion*

In our opinion the financial statements of 41-43 Brook Street LLP ("the limited liability partnership")

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the limited liability partnership balance sheet;
- the limited liability partnership statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### *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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 members' 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 limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

#### *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 members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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 this other information, we are required to report that fact.

## Independent auditor's report to the member of 41-43 Brook Street LLP

We have nothing to report in this regard.

***Responsibilities of members***
As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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.

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

***Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the [group's / limited liability partnership's] industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities, including those that are specific to the / limited liability partnership's business sector. [
We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty. These included health and safety regulation.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, property valuations, ITspecialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- We identified a risk due to fraud in relation to the valuation assertions linked to property, plant and equipment. This is in response to the large capital investment made during the year and the downturn in the market environment which has impacted the profitability of the limited liability partnership and potential future cash flows. We worked with our valuation specialist to perform a review of the

## Independent auditor's report to the member of 41-43 Brook Street LLP

valuation report produced by the third party valuer and assessed the valuation assumptions to check their reasonableness in line with industry expectations for market performance.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of managementandexternal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

***Report on other legal and regulatory requirements***

***Matters on which we are required to report by exception***

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership; or
- the t limited liability partnership] financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.

We have nothing to report in respect of these matters.

***Use of our report***

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jessica Hodges (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23 November 2023

# 41- 43 Brook Street LLP
*LLP: OC335486*

## Statement of comprehensive income
*for the year ended 31 December 2022*

| | *Note* | **2022 £'000** | 2021 £'000 |
|---|---|---|---|
| **Turnover** | | **-** | - |
| Administrative expenses | | **(576)** | (448) |
| **Gross loss** | | **(576)** | (448) |
| (Impairment) / impairment reversal | 7 | **(14,706)** | 6,547 |
| Finance costs | *8* | **(2,228)** | (2,144) |
| **(Loss)/profit for the financial year before members' remuneration and profit shares** | | **(17,510)** | 3,955 |
| **(Loss)/profit for the financial year available for discretionary division among members** | | **(17,510)** | 3,955 |

The Partnership had no other comprehensive income in the current year or previous financial year other than those dealt with in the profit and loss account. All activities in the current year and previous financial year are derived from continued operations.

The notes on pages 12 to 25 form an integral part of the financial statements

# 41- 43 Brook Street LLP
*LLP: OC335486*

## Balance sheet
*as at 31 December 2022*

| | *Note* | **2022** | **(Restated)* 2021 |
|---|---|---|---|
| | | **£'000** | £'000 |
| **Fixed assets** | | | |
| Property,plant and equipment | *7* | **46,953** | 38,600 |
| Right of use assets | *8* | **49,523** | 50,013 |
| | | **96,476** | 88,613 |
| **Current assets** | | | |
| Debtors | *9* | **17,987** | 13,981 |
| | | **17,987** | 13,981 |
| **Creditors: amounts falling due within one year** | | | |
| Trade and other payables | *10* | **(48,444)** | (20,999) |
| Leases | *8* | **-** | - |
| **Net current liabilities** | | **(30,457)** | (7,018) |
| **Creditors: amounts falling due after more than one year** | | | |
| Leases | 8 | **(54,476)** | (52,542) |
| **Net assets attributable to members** | | **11,543** | 29,053 |
| **Represented by:** | | | |
| **Loans and other debts due to members** | | | |
| Members' capital classified as a liability | *12* | **11,543** | 29,053 |
| **Total members' interests** | | **11,543** | 29,053 |

These financial statements were approved and authorised for issue by the members on 27 November 2023.

*Impact of restatement on balance sheet for the year ended 31 December 2021 is disclosed in note 3.

Nasir Pasha
*For Brook Street 2 Limited Designated member*

# 41- 43 Brook Street LLP
*LLP: OC335486*

## Statement of changes in equity
*for the year ended 31 December 2022*

| | Equity members' interests £'000 | Total £'000 |
|---|---|---|
| **At 1 January 2021** | **25,098** | **25,098** |
| Total comprehensive income for the year | 3,955 | 3,955 |
| **At 31 December 2021** | **29,053** | **29,053** |
| Total comprehensive loss for the year | (17,510) | (17,510) |
| **At 31 December 2022** | **11,543** | **11,543** |

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

# Notes

## 1 Statement of compliance

41-43 Brook Street LLP is a limited liability partnership and was incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. The limited partnership'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 limited liability partnership. All financial information presented in sterling has been rounded to the nearest thousand, except where otherwise stated.

## 2 Significant accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the IASB, 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 Partnership has adopted certain disclosure exemptions available under FRS 101. These include:

- 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), l6 and 1 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; and
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

### 2 Significant accounting policies *(continued)*

**Basis of preparation*(continued)***

The Partnership has taken advantage of the exemption under s400 of the Companies Act 2006 and Regulations 2018 not to prepare group accounts and Streamlined Energy and Carbon Report (SECR) as it is a wholly owned subsidiary of Coroin Limited. The results of the Partnership are included in the publicly available consolidated financial statements of Coroin Limited.

As the consolidated financial statements of Coroin Limited include the equivalent disclosures, the Partnership 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*

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

**Use of estimates and judgements**

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Group's 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.

The key accounting judgements and estimates in these financial statements include:

Estimates:
- fair value of property, plant and equipment (note 7); and
- discount rate used to determine the IFRS 16 lease liabilities (note 8);

There were no key accounting judgements in the year.

**Going concern**

*Operating results*

The Partnership's business activities, together with the factors likely to affect its future development, are set out in the Principal risks and uncertainties' sections of the Members' Report.

The Partnership is determined to enhance, invest and further develop this prestigous property by its incorporation into the development program of Claridge's Hotel.

The Group has continued to invest in the development of the building at 41-43 Brook Street in the period since the balance sheet date. This investment continues to be funded by the ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani as there is confidence in the long-term return on investment and the viability of the business once the property has been redeveloped.

**2 Significant accounting policies** *(continued)*

**Going concern** *(continued)*

*Capital expenditure*

The Partnership has net current liabilities. A letter of financial support has been provided by the Company's ultimate beneficial owner, His Highness Sheikh Hamad Bin Khalifa Al-Thani, pledging to continue to support the Company in meeting its committed and forecast capital expenditure up to 31 December 2024 if needed.

After making enquiries and taking into account the support of the ultimate beneficial owner, and the future availability of third party financing, the members have a reasonable expectation that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Non-derivative financial instruments**

*Loans and receivables*
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

*Non-derivative financial liabilities*
Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

*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.

**Tangible fixed assets**

*Recognition and measurement*
Items of tangible fixed assets are measured at cost less accumulated depreciation and impairment.

If significant parts of an item of tangible fixed assets have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets.

*Exemptions*
The company has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## 2 Significant accounting policies *(continued)*

### Accounting policies *(continued)*

*Transition Exemptions*
The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2020. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

*Measurement of Lease Liabilities on Transition*
For leases previously classified as operating leases, the lease liability at the date of initial application were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

*Measurement of Right of Use Assets on Transition*
For leases previously classified as operating leases, the group has elected to measure the right of use asset at an amount equal to the lease liability, resulting in a zero impact on Equity as at 1 January 2020.

*Short-term leases and leases of low-value assets*
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2 Significant accounting policies *(continued)*

### Accounting policies *(continued)*

Depreciation of other tangible assets is provided on a straight-line basis over the useful lives.

| | |
|---|---|
| Property with residual value less than carrying value | 50 years |
| Plant and machinery | between 2 and 20 years |
| Fixtures and fittings | between 2 and 20 years |
| Short leasehold land buildings | between 1 and 5 years |
| Structural improvements | 25 years |

### Property, plant and equipment

*Recognition and measurement*
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### Depreciation

Depreciation has not been charged on the freehold and leasehold properties held by the Company as the residual values of those properties exceeds the carrying values.

As a result, on an annual basis the Company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the Company recognises an impairment loss in the profit and loss account.

Other fixed assets are stated at cost less accumulated depreciation. Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

| | |
|---|---|
| Fixtures, fittings, plant and machinery | between 2 and 20 years |
| Structural improvements | 25 years |

Assets under the course of construction are not depreciated until brought into use.

### New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Partnership has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

### 3 Restatement

During the year ended 31 December 2020, there was change in use of the leasehold property at 41- 43 Brook Street, meaning the leasehold property should have been reclassified as property, plant and equipment instead of remaining as investment property.
The leasehold property has now been reclassified from investment property to property, plant and equipment at cost model for the year ended 31 December 2021. As the investment property was previously measured at cost model which is the same model adopted for the property, plant and equipment there is no impact on the profit or loss.

In addition, some of the amounts owed by group undertakings, amounts owed by immediate parent undertakings and owed to group undertakings were incorrectly presented net in previous years when the criteria for offset were not met.

The above errors has been corrected by restating each of the affected financial statement and disclosure note line items for the prior periods as set out below.

# 41- 43 Brook Street LLP

## Notes *(continued)*

### 3 Restatement (continued)

Balance sheet

| | 2021 £'000 | Restatement | (Restated) 2021 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investment property | 38,600 | (38,600) | - |
| Property,plant and equipment | - | 38,600 | 38,600 |
| Right of use assets | 50,013 | - | 50,013 |
| | 88,613 | - | 88,613 |
| **Current assets** | | | |
| Debtors | 6,145 | 7,836 | 13,981 |
| | 6,145 | 7,836 | 13,981 |
| **Creditors: amounts falling due within one year** | | | |
| Trade and other payables | (13,163) | (7,836) | (20,999) |
| Leases | - | - | - |
| **Net current liabilities** | (7,018) | - | (7,018) |
| **Creditors: amounts falling due after more than one year** | | | |
| Leases | (52,542) | - | (52,542) |
| **Net assets attributable to members** | 29,053 | - | 29,053 |
| **Represented by:** | | | |
| **Loans and other debts due to members** | | | |
| Members' capital classified as a liability | 29,053 | - | 29,053 |
| **Total members' interests** | 29,053 | - | 29,053 |

Disclosure note 9 - Debtors

| | 2021 £'000 | Restatement | (Restated) 2021 £'000 |
|---|---|---|---|
| Amounts owed by group undertakings | 5,650 | (2,804) | 2,846 |
| Amounts owed by immediate parent undertakings | - | 10,640 | 10,640 |
| Other debtors | 495 | - | 495 |
| | 6,145 | 7,836 | 13,981 |

# 41- 43 Brook Street LLP

## Notes *(continued)*

### 3 Restatement (*continued*)

Disclosure note 10 - Creditors: amounts falling due within one year

| | 2021 £'000 | Restatement | (Restated) 2021 £'000 |
|---|---|---|---|
| Amounts owed to group undertakings | 40 | 7,836 | 7,876 |
| Amounts owed to related party | 12,442 | - | 12,442 |
| Accruals and deferred income | 681 | - | 681 |
| | 13,163 | 7,836 | 20,999 |

### 4 Statutory information

| | **2022 £'000** | 2021 £'000 |
|---|---|---|
| *Gross loss is stated after charging:* | | |
| Administrative expenses | **80** | 51 |
| Depreciation | **490** | 489 |

### 5 Information regarding employees and audit fees

The partnership has no employees. The audit fee for the current year is £28,000 (2021: £26,000) and is borne by Coroin Limited, the Company's intermediate parent company.

### 6 Tax charge on profit on ordinary activities

Under taxation legislation in the UK, the partnership does not constitute a separate taxable entity and, accordingly, no provision for taxation has been made in these financial statements.

## Notes *(continued)*

| 7 Property,plant and equipment | Long leasehold land and buildings £'000 | Fixtures, fittings, plant and machinery £'000 | Assets under the course of construction £'000 | Total £'000 |
|---|---|---|---|---|
| ***Cost*** | | | | |
| **At beginning of year (restated)** | **27,470** | **585** | **11,130** | **39,185** |
| Additions | - | - | 23,059 | 23,059 |
| **At 31 December 2022** | **27,470** | **585** | **34,189** | **62,244** |
| ***Accumulated depreciation*** | | | | |
| At beginning of year (restated) | - | 585 | - | 585 |
| Impairment | 14,706 | - | - | 14,706 |
| **At 31 December 2022** | **14,706** | **585** | **-** | **15,291** |
| ***Net book value*** | | | | |
| **At 31 December 2022** | **12,764** | **-** | **34,189** | **46,953** |
| At 31 December 2021 (restated) | **27,470** | **-** | **11,130** | **38,600** |

The partnership is the beneficial owner of the leasehold property of 41-43 Brook Street.

QIB (UK) plc holds a first fixed charge over the long leasehold land and buildings and fixtures and fittings, the beneficial ownership of which resides with the Partnership and a floating charge over all the Partnership's assets in respect of the amounts owed by Claridge's Hotel Holdings Limited at the period end of £396.8m million (2021: £396.8 million).

In addition to the figure above, the Partnership is undertaking capital development programs at 41-43 Brook Street. The total budget that was agreed for these programs was £52m, of which £34.2m had been spent as at 31 December 2022, further £17.8m is expected to be spent and project is expected to be finshed by 31 December 2023.

The legal ownership of the Partnership's long leasehold land and buildings resides with Bluedraft Limited, a non trading company under common control.

In accordance with the Partnership's accounting policies, the members undertake an annual review of the carrying value of all tangible fixed assets to determine whether there is any indication of impairment. An impairment test was performed at 31 December 2022 by comparing the carrying amount of these assets to their recoverable amounts.

The value of 41-43 Brook Street property was reclassified as part of property, plant and equipment since the year ended 31 December 2020. Refer note 3 to the financial statements for the details of the reclassification.

## Notes *(continued)*

### 7 Property,plant and equipment *(continued)*

The recoverable amount is determined as the higher of value in use and fair value less costs of disposal. In determining an asset's recoverable amount the members are required to make judgements, estimates and assumptions that impact on the carrying value of the properties. The estimates and assumptions used are based on historical experience and other factors that are believed to be reasonable based on information available. At 31 December 2022, the fair value of property, plant and equipment was £46,953,000 (2021: £38,600,000), and hence the recoverable amount were deemed to be lower than the carrying amount. The members conclude that the carrying value of property, plant and equipment is impaired at 31 December 2022.

The significant unobservable inputs used in the fair value measurement of the property, plant and equipment are:

1) Estimated Rental value (ERV) — the rent at which space could be let in the market conditions prevailing at the date of valuation.
2) Void Period — the expected period of vacant space
3) Yield — the equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.

The estimated fair value of the long leasehold land and buildings would increase/(decrease) if:

- the discount rate was (lower)/higher;
- the trading performance of the hotels improved/(declined); or
- market yields increased/(decreased).

# 41- 43 Brook Street LLP

## Notes *(continued)*

### 8 Leases

| Right-of-use assets | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|
| Balance at 1 January | **50,013** | 50,502 |
| Depreciation | **(490)** | (489) |
| **Balance at 31 December** | **49,523** | 50,013 |

| Lease Liabilities | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|
| Balance at 1 January | **52,542** | .50,617 |
| Interest | **2,228** | 2,144 |
| Payments | **(294)** | (219) |
| **Balance at 31 December** | **54,476** | 52,542 |
| Non-current | **54,476** | 52,542 |
| Current | **-** | - |
| **Balance at 31 December** | **54,476** | 52,542 |

| Amounts recognised in Profit or Loss | 31 December 2022 £'000 | 31 December 2021 £'000 |
|---|---|---|
| Interest on lease liabilities | **(2,228)** | (2,144) |
| Depreciation of right of use assets | **(490)** | (489) |
| **Total amount recognised in profit or loss** | **(2,718)** | (2,633) |

### 8 Leases *(continued)*

*Leases - Estimating the incremental borrowing rate IFRS 16.26*

The Partnership cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Partnership would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Partnership 'would have to pay', which requires estimation when no observable rates are available. The Partnership estimates the IBR using observable market interest rates adjusted to reflect the terms and conditions of the lease. When measuring lease liabilities, the Partnership discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 4.5%.

Non-cancellable lease rentals are payable on certain leased buildings. These represent the minimum undiscounted future lease payments in aggregate that the Partnership is required to make under existing lease arrangements.

| | **2022** | 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Less than one year | **688** | 294 |
| Between one and five years | **4,244** | 3,756 |
| More than five years | **625,187** | 626,362 |
| | **630,119** | 630,412 |

### 9 Debtors

| | **2022** | *(Restated) 2021 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts owed by group undertakings | **6,127** | 2,846 |
| Amounts owed by immediate parent undertakings | **10,640** | 10,640 |
| Other debtors | **1,220** | 495 |
| | **17,987** | 13,981 |

Amount owed by group undertakings are repayable on demand and bear no interest.
*Impact of restatement on disclosure note for the year ended 31 December 2021 is disclosed in note 3.

## Notes *(continued)*

**10 Creditors**: amounts falling due within one year

| | 2022 | *(Restated) 2021 |
|---|---|---|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 7,876 | 7,876 |
| Amounts owed to related party | 39,490 | 12,442 |
| Accruals and deferred income | 1,078 | 681 |
| | 48,444 | 20,999 |

Amount owed to group undertakings are repayable on demand and bear no interest.
*Impact of restatement on the disclosure note for the year ended 31 December 2021 is disclosed in note 3.

**11 Members share of profits**

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| At beginning of year | 3,955 | - |
| (Loss)/profit for the financial year available for profit share | (17,510) | 3,955 |
| **At end of year** | (13,555) | 3,955 |

In accordance with Limited Liability Partnership Agreement , the allocation of profits and losses between members is determined by entitlements outllined in the Member's Limited Liability Partnership Agreement. The members share of profits will be allocated when Profit for the financial year available for profit share.

**12 Members capital (classified as a liability)**

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| At beginning of year | 29,053 | 25,098 |
| (Loss)/profit for the financial year available for profit share | (17,510) | 3,955 |
| At end of year | 11,543 | 29,053 |

The members' capital is classified as a liability as the LLP does not have an unconditional right to refuse payment to members.

**13 Reconciliation of movement in members' interests**

| | 2022 | 2021 |
|---|---|---|
| | £'000 | £'000 |
| At beginning of year | 29,053 | 25,098 |
| (Loss)/profit for the financial year available for profit share | (17,510) | 3,955 |
| **At end of year** | 11,543 | 29,053 |

# 41- 43 Brook Street LLP

## Notes *(continued)*

### 14 Transactions with related parties

The Partnership owes £39,490,000 to Maybourne Hotels Limited at the year end in relation to the various property expenses and ongoing development works *(2021: £12,442,000)*. Maybourne Hotels Limited is a related party by virtue of Directors common to Maybourne Hotels Limited and the Partnership's member, Brook Street 2 Limited. Amounts owed to Maybourne Hotels limited are interest free and are repayable on demand.

### 15 Ultimate parent undertaking

The Partnership's ultimate parent and controlling party is Regis Investments S.A 15, boulevard Roosevelt L - 2450 Luxembourg, a company incorporated in Luxembourg. This is the largest group in which the results of the Partnership are consolidated.

The ultimate controlling party is His Highness Sheikh Hamad Bin Khalifa Al Thani.

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

### 16 Subsequent events

The property is held as security per the terms of the Dukhan Loan held by Claridge's Hotel Holdings Limited. The Dukhan loan was extended on 25 October 2023 for a further 5 years, with a maturity date of 27 October 2028. The principal amount of £396,790,000 was renewed in a single facility with an interest rate of 5.88%-7.099%. The refinanced loan agreement includes two covenants: loan to value not exceeding 61.5 per cent and the debt service cover ratio at a level not less than 1.25:1.00. The directors confirm there are no matters indicating these covenants will not be met.

On 16 November 2023, the beneficial title to 41-43 Brook Street property has changed from 41- 43 Brook Street LLP to Claridge's Hotel Limited for a market value consideration of £42m. This does not impact the future plans of the Partnership and the Directors intend to ensure that the company will continue to pay its liabilities as they become due.

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