

Claridge's Hotel Holdings Limited

Directors' report and
financial statements

Year ended 31 December 2018

Registered number: 3669265



Claridge's Hotel Holdings Limited

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Claridge's Hotel Holdings Limited

Directors and other information

Directors	Michele Faissola Liam Cunningham Ziyad Clot
Registered office	41 - 43 Brook Street Mayfair London W1K 4HJ
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
Solicitor	Macfarlanes LLP 10 Norwich Street London EC4A 1BD

Claridge's Hotel Holdings Limited

Strategic report

The Directors present their Strategic report for the year ended 31 December 2018.

Activities

The principal activity of Claridge's Hotel Holdings Limited ("the Company") is that of an investment and financing company.

Review of developments

The loss for the year ended 31 December 2018 before taxation was £13.9 million (*2017: profit of £206.7 million*). The prior period profit included the dividend received in the year of £207.5 million.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position.

- General economic risk – the Company is exposed to general economic risk, including changes in the economic outlook in the hotel and leisure industry. The Company is also exposed to government changes in industrial, fiscal, monetary or regulatory policies. The impact of general economic risk is somewhat reduced due to the high net worth of the group's customer base
- Liquidity risk - the Company is funded by a long term Murabaha agreement expiring in October 2022. The Company maintains cash flow and covenant compliance forecast in order to ensure the Company is able to meet its liabilities as they fall due.
- Reputation risk – related to hotel prestige and social media status, health and safety and customer loyalty. The risk is mitigated by the company via various measures to provide a bespoke customer service, adhering to all health and safety regulations, acting within the scope of Modern Slavery Act 2015, money laundering and anti-bribery regulations.

The company has a successful track record of managing these risks. The directors are confident that they have put in place a strong management team and suite of products capable of dealing with the above issues as they arise.

Approved by the Board of Directors and signed on behalf of the Board



Liam Cunningham
Director

28 June 2019

Claridge's Hotel Holdings Limited

Directors' report

The directors present their Directors' report and the audited financial statements for the year ended 31 December 2018.

Directors and their interests

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

Liam Cunningham	
Michele Faissola	Appointed on 1 December 2018
Ziyad Clot	Appointed on 1 December 2018
Fady Bakhos	Resigned on 1 December 2018

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

Political contributions

The company made no political contributions during the year (2017: £nil).

Future developments

The Company is determined to enhance, invest and further develop its iconic hotel, reflected by the ongoing development works at Claridge's and planned major refurbishment of the 41-43 Brook Street property, adjacent to Claridge's Hotel.

The medium-term outlook for London is positive. Company management recognises however the potentially adverse impact of The United Kingdom leaving the European Union if a withdrawal agreement is not approved by 31 October 2019 and the continued pressure of the increase in the supply of luxury accommodation in London. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The directors believe that the worldwide economic and geopolitical events will continue to affect the group hotels trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

The Coroin Group's projections for 2019 and 2020 forecast marginally lower operating profits and cash flows which reflect the development works that continue to the basement and have started in the upper part of the hotel. The Group holds sufficient working capital to meet its trading obligations.

Dividends

The dividends paid during the year amounted to £Nil (2017: £393.4 million)

Claridge's Hotel Holdings Limited

Directors' report (*continued*)

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.

Going Concern

The group headed by Regis Investments S.A. has access to considerable financial resources and has provided a letter of financial support to Coroin Limited and its subsidiaries. As a consequence, the directors believe that the Group and the company are well placed to manage their business risks successfully and meet their liabilities as they fall due.

After making enquiries, and taking into account the support of Regis Investments S.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 and signed on behalf of the Board



Liam Cunningham
Director

28 June 2019

Claridge's Hotel Holdings 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

28 June 2019

Independent auditor's report to the members of Claridge's Hotel Holdings Limited

Opinion

We have audited the financial statements of Claridge's Hotel Holdings Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 2018 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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

Independent auditor's report to the members of Claridge's Hotel Holdings Limited (continued)

Other information (continued)

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 has 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Independent auditor's report to the members of Claridge's Hotel Holdings Limited (continued)

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 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.



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

25th July 2019

Claridge's Hotel Holdings Limited

Registered number: 3669265

Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Other operating income	4	-	207,503
Other operating expense		(194)	-
Operating (loss)/profit		(194)	207,503
Finance costs	5	(13,754)	(748)
(Loss)/profit on ordinary activities before tax		(13,948)	206,755
Tax charge on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year		(13,948)	206,755

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

Claridge's Hotel Holdings Limited

Registered number: 3669265

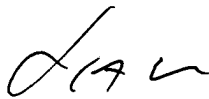
Balance sheet

as at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investment in subsidiary undertaking	7	217,000	217,000
Current assets			
Debtors	8	198,864	202,864
Current liabilities			
Trade and other payables	9	(49,202)	(35,368)
Loans and borrowings	10	(8,058)	(6,336)
Net current assets		141,604	161,160
Total assets		358,604	378,160
Non-current liabilities			
Loans and borrowings	10	(373,150)	(378,758)
Net liabilities		(14,546)	(598)
Capital and reserves			
Called up share capital	11	150	150
Share premium account		-	-
Profit and loss account		(14,696)	(748)
Shareholders' deficit		(14,546)	(598)

These financial statements were approved by the Board of Directors on 28 June 2019.

Signed on behalf of the Board of Directors


Liam Cunningham
Director

28 June 2019

Claridge's Hotel Holdings Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2017	150	181,850	4,000	186,000
Profit for the financial year	-	-	206,755	206,755
Other comprehensive income	-	-	-	-
Reduction of capital	-	(181,850)	181,850	-
Distribution from reserves - dividends	-	-	(393,353)	(393,353)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	150	-	(748)	(598)
Loss for the financial year	-	-	(13,948)	(13,948)
Other comprehensive income	-	-	-	-
Distribution from reserves - dividends	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	150	-	(14,696)	(14,546)

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

Dividends paid

	2018 £'000	2017 £'000
<i>Declared and paid during the year</i>		
First interim dividend for 2018: £nil (2017: 185.85p)	-	185,850
Final dividend for 2018: £nil (2017: 207.50p)	-	207,503
	<hr/>	<hr/>
Total dividends paid	-	393,353

Claridge's Hotel Holdings Limited

Notes

forming part of the financial statements

1 Statement of compliance

Claridge's Hotel Holdings Limited is a company incorporated and domiciled in the England and Wales. The company's registered office is 41-43 Brook Street, Mayfair, London, W1K 4HJ.

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 European Union ("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 has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Coroin Limited. The results of the Company 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 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*.

Claridge's Hotel Holdings Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

Basis of measurement

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

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 financial statements have been prepared on the going concern basis.

The group headed by Regis Investments S.A. has access to considerable financial resources and has provided a letter of financial support to Coroin Limited and its subsidiaries. As a consequence, the directors believe that the Group and the company are well placed to manage their business risks successfully and meet their liabilities as they fall due.

After making enquiries, and taking into account the support of Regis Investments S.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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.

Claridge's Hotel Holdings Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

Tax *(continued)*

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.

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.

Claridge's Hotel Holdings Limited

Notes (continued)

2 Significant accounting policies (continued)

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.

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.

Claridge's Hotel Holdings Limited

Notes (continued)

2 Significant accounting policies (continued)

Financial instruments (continued)

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 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.

Claridge's Hotel Holdings Limited

Notes (continued)

2 Significant accounting policies (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the financial statements and that may impact the financial statements are disclosed below. There are no other standards in issue but not yet effective that are expected to have an impact on the financial statements.

		Effective for periods commencing on or after 1 January 2019
IFRS 16	Leases	

The Company plans to adopt IFRS 16 using a modified retrospective approach. Under a modified retrospective approach, a company applies the new standard from the beginning of the period this IFRS applies to.

The Company will elect 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

The Company has completed its assessment of the potential impact of the first-time adoption of IFRS 16 as of 1 January 2019 and it does not expect it to have any impact on its financial statements in the period of initial application.

3 Statutory information

The company has no employees. The directors receive no remuneration for their services to this company. The audit fee is borne by Coroin Limited, the Company's intermediate parent company.

4 Other operating income

	2018 £'000	2017 £'000
Dividend received from subsidiaries	-	207,503

During the prior year the Company received two dividends from its subsidiary undertakings:

- non-cash dividend received from its subsidiary Claridge's Hotel Limited on 12 December 2017 for the amount of £197.6 million;
- non-cash dividend received from its subsidiary Brook Street 2 Limited on 12 December 2017 for the amount of £9.9 million.

Claridge's Hotel Holdings Limited

Notes (continued)

5 Finance costs	2018	2017
	£'000	£'000
Interest expense on bank loans and borrowings	13,699	748
Amortisation of loan issue expenses	55	-
	<hr/>	<hr/>
Total finance costs	13,754	748
	<hr/> <hr/>	<hr/> <hr/>
6 Income taxes		
Amounts recognised in profit or loss	2018	2017
	£'000	£'000
Current tax		
UK corporation tax	-	-
	<hr/>	<hr/>
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total deferred tax charge	-	-
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of tax charge	31 December	31 December
	2018	2017
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(13,948)	206,755
	<hr/>	<hr/>
Profit on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2017: 19.25%)	(2,650)	39,793
Non-taxable income	-	(39,937)
Group relief surrendered/(received)/ not paid for	1,645	181
Transfer pricing adjustment	-	(97)
Disallowable interest in relation to corporate interest restriction'	1,005	60
	<hr/>	<hr/>
Total tax charge	-	-
	<hr/> <hr/>	<hr/> <hr/>

Claridge's Hotel Holdings Limited

Notes (continued)

6 Income taxes (continued)

Factors which may affect future tax charges;

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

7 Investments	2018 £'000	2017 £'000
<i>Investments in subsidiary undertakings</i>		
<i>At cost and net book value</i>		
At beginning and end of the year	217,000	217,000

None of the shares of the above subsidiary undertakings are listed. In the opinion of the directors the shares in the company's subsidiary and other group undertakings are worth at least the amounts at which they are stated in the balance sheet

The company has the following investments in subsidiaries:

Subsidiary undertaking	Country of Incorporation and operation	Activity	Shareholding (ordinary shares)
Claridge's Hotel Limited	Great Britain	Hotel Operations	100% (direct)
Brook Street 1 Limited	Great Britain	Holding Company	100% (direct)
Brook Street 2 Limited	Great Britain	Holding Company	100% (direct)
41-43 Brook Street LLP	Great Britain	Ownership of Property	100% (indirect)
Bluedraft Limited	Great Britain	Ownership of Property	100% (indirect)
Brook Street Trustee Co No. 1 Limited	Great Britain	Hotel Operations	100% (direct)
Brook Street Trustee Co No. 2 Limited	Great Britain	Dormant company	100% (direct)
A Goody Rewarded Limited	Great Britain	Dormant company	100% (indirect)
Claridge's Hotel (42000) Limited	Great Britain	Dormant company	100% (indirect)

The registered address for each subsidiary is the same as that of the Company.

8 Debtors	2018 £'000	2017 £'000
Amounts owed by immediate parent undertaking	198,824	198,864
Amounts owed by subsidiary undertaking	40	4,000
	198,864	202,864

Claridge's Hotel Holdings Limited

Notes (continued)

9 Creditors	2018	2017
	£'000	£'000
Amounts owed to intermediate parent undertaking	35,039	35,039
Amounts owed to subsidiary undertaking	14,152	-
Amounts owed to related party	11	329
	<hr/>	<hr/>
	49,202	35,368
	<hr/> <hr/>	<hr/> <hr/>
10 Loans and borrowings	2018	2017
	£'000	£'000
Non-current liabilities		
Secured bank loans	373,150	378,758
	<hr/>	<hr/>
	2018	2017
	£'000	£'000
Current liabilities		
Secured bank loans	5,663	5,663
Accrued interest	2,395	673
	<hr/>	<hr/>
	8,058	6,336
	<hr/> <hr/>	<hr/> <hr/>

On 12 December 2017 the company entered into an agreement of a new facility of £384.7million. The new facility is repayable in October 2022, with £5.7million due annually until October 2022. The security package for the bank loans comprises cross company guarantees supported by debentures giving a fixed and floating charge over all the assets of the Group. Offset against bank loans are loan arrangement fees of £199,000 (2017: £253,000) which, in line with the group's accounting policies, are amortised over the period of the loan using the effective interest method.

11 Called up share capital	2018	2017
	£'000	£'000
Authorised		
1,000,000 "A" ordinary shares of 10p each	100	100
500,000 "B" ordinary shares of 10p each	50	50
	<hr/>	<hr/>
	150	150
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	£'000	£'000
Called up, allotted and fully paid		
1,000,000 "A" ordinary shares of 10p each	100	100
500,000 "B" ordinary shares of 10p each	50	50
	<hr/>	<hr/>
	150	150
	<hr/> <hr/>	<hr/> <hr/>

Claridge's Hotel Holdings Limited

Notes (continued)

11 Called up share capital (continued)

Shares rank equally, except with respect to shareholder rights to dividends and return on capital where A shares are worth 10,000 times more than B shares.

12 Related party disclosures

The company is exempt under the provisions of IAS 24 "Related Party Disclosures" from disclosing related party transactions entered into between two or more members of the group.

At 31 December 2018 an amount of £10,800 (2017: £329,000) remains owed to Maybourne Hotels Limited, a company under common control until 12 December 2017, in relation to the legal fees incurred by the Company when entering into new Master Murabaha Agreement.

	Opening balance 31/12/2017	Sales	Payments	Closing balance 31/12/2018
Related party Asset/(liability)	£'000	£'000	£'000	£'000
Maybourne Hotels Limited	(329)	(11)	329	(11)

13 Ultimate parent company

The company's ultimate parent company and the largest group in which the results of the company are consolidated is Regis Investments S.A., a company incorporated in Luxembourg.

Coroin 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 these statutory accounts are available from its registered office, 41 – 43 Brook Street, Mayfair, London, W1K 4HJ.

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

14 Subsequent events

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