Corinthia Palace Hotel Company Limited

Report and Financial Statements
31 December 2020

Company Registration Number C 257

Directors' report

The Directors present their report together with the audited financial statements of Corinthia Palace Hotel Company Limited (the 'Company' or 'CPHCL') and the consolidated financial statements of the Group of which it is the parent, for the year ended 31 December 2020.

Principal Activities

The Group's main business is the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry. The Group is also actively engaged in the provision of residential accommodation, the rental of retail and office space, the origination of projects for the Group and third-party investors and services related to construction, project management and catering.

Results

The financial performance for 2020 was materially impacted by COVID-19 and the restrictions and limitations it imposed on our businesses and everyday lives. Total Group revenue for the year under review amounted to €106.4 million, a reduction of €206.5 million from the revenue generated the year before on account of lockdowns and other restrictions imposed in all countries where we operate.

The Group registered a loss on total comprehensive income of €131.5 million in 2020 against a profit of €86.7 million registered in 2019. The share of loss of total comprehensive income attributable to the shareholders of CPHCL amounted to a loss of €64.3 million for the year under review. The corresponding figure for 2019 was a profit of €64.9 million.

Details of the results for the year under review are set out in the consolidated income statement and the statement of comprehensive income on pages 12 to 13 and in the related notes to the audited financial statements for the year ended 31 December 2020.

Review of Performance

Notwithstanding the significant reduction in revenue generation, the Group loss at EBITDA level for 2020, excluding the consolidation of the results of jointly controlled companies, was limited to €8.3 million. The corresponding EBITDA in 2019 was €70.7 million. The minimal loss at EBITDA level in 2020 was achieved in consequence of proactive cost-cutting across-the-board measures taken at Group level, including reducing staff complements at all levels as well as various programmes on salary cuts and deferrals. The company also tapped into subsidies and funds available from various Governments, and successfully renegotiated terms with most of the group's funding banks.

In 2020, in the Income Statement, the Group is reporting an exchange loss on borrowings of €10.4 million, compared to a profit on exchange on borrowings of €5.3 million the year before. This movement in exchange differences is mainly related to the St Petersburg property, on account of a weaker rouble compared to last year. Year-on-year the rouble devalued by 32% against the Euro.

Directors' report – continued

In 2020, the Group is reporting a net profit from its share of results of associate companies of €9.1 million (2019: €3.4 million). Although the current year's performance was dampened by the results of the Golden Sands hotel and timeshare operation (50% share owned by IHI p.l.c.) resulting in an erosion of €2.5 million, this amount represents a lower loss than that achieved in the corresponding year when a loss of €4 million was registered from this activity. The timeshare sales operation has been discontinued in 2020. On the other hand, the results of MIH p.l.c. through its principal subsidiary company Palm City Ltd, owner of the Palm City Residences in Libya, continued to improve. In 2020, this investment contributed €12.5 million to the Group's profitability (2019: €7.3 million). On a like for like basis, the Group's share of profits from this investment increased by €5.2 million between 2019 and 2020.

In 2019, the Group sold the Panorama Hotel and adjoining garage complex located in the Czech Republic, through the disposal of its shareholding in Pankrac Property Holdings s.r.o. (PPH) and realised a one-time profit of €46.5 million on this sale.

The effects of COVID-19 on current performance and the tempo of the expected recovery impacted the property values of the Group. In 2020, the Group registered net property impairments of €16.4 million before tax. This impairment is attributable to the London hotel and apartment and to the Budapest property. The net property uplift before tax for 2019 amounted to €6.9 million.

On account of a weaker sterling and rouble relative to the reporting currency of the Group which is Euro, the Group recorded a combined currency translation loss of €62.7 million in 2020, relative to a profit of €37.3 million registered in 2019.

Working Capital

At 31 December 2020, the Group is reporting a positive working capital of €27.7 million, relative to €62.6 million reported in 2019, a deterioration of €34.9 million which has to be viewed in the light of the devastating effects of COVID-19 on the cash generation of the Group.

Future Developments

The Corinthia Group's business as a developer and operator of hotels and real estate has continued to evolve and diversify over the years with the result that there is no major dependence on any single operation. The outlook for 2020 in all the Group's hotels in the first quarter of the year was positive, with actual performances surpassing the performance registered in the first quarter of 2019.

The consequences of the COVID-19 pandemic early in 2020 had far reaching effects, resulting in disruptions to businesses worldwide. Global border restrictions, local mobility restrictions, and the enforced closure of hotels, food and beverage outlets and other places of entertainment, many of which are still in place, have had a negative impact on the Company and the Group, the hospitality industry in general as well as most other economic sectors worldwide. Governments in many countries have responded with monetary and fiscal interventions to assist companies to overcome these unprecedented financial difficulties.

Directors' report – continued

As a result of the pandemic and notwithstanding the measures taken by the Group to curtail its cost and the support provided by various governments where we operate, the Group experienced a severe curtailment of its business since mid-March 2020. The Group continues to enforce the significant measures to minimise its cost base and is also in receipt of various COVID-19 business assistance programmes aimed at mitigating against the adverse financial impact of this pandemic. The directors and senior management objective is to safeguard the Group's future wellbeing, as well as that of its employees and all stakeholders. The Group took immediate action to curtail its payroll by shedding all-part-time workers and others on probation, whilst also terminating all outside labour service providers. Many of the Group's employees have also taken drastic cuts in their take home pay. Internal guidelines on operations and staff welfare have also been circulated and updated regularly, especially now, as the Group enters into a phase of re-opening its hotels.

The directors are giving due consideration to the uncertainties and mitigating factors that have been taken across the board in order to ensure the going concern of the Company. The Directors continue to closely monitor the situation on an ongoing basis with a view to minimizing the impact of the COVID -19 pandemic on the Group, the more so now as various governments are lifting border restrictions and local mobility restrictions following an aggressive vaccination process. The Group is also reviewing on an ongoing basis the right-sizing of its operating base, even more so now as the level of business generated will, with the gradual opening of its hotel operations, be lower than that generated in the corresponding period in 2019.

Works on the redevelopment of the Corinthia Hotel Brussels are ongoing. A main contractor has been appointed who has mobilised resources and commenced construction works on site.

Works on a mixed-used residential and hotel property in Moscow, in which IHI has a 10% shareholding, is also progressing well. On completion the Group will operate the hotel.

Corinthia Hotels (CHL), the Group's hotel management company, is also involved in the development of five luxury hotels under construction. These are located in Rome, New York, Bucharest, Dubai and Doha and once completed CHL will take responsibility for the hotel management of these properties. In the case of Bucharest and Rome, the Group, via its other subsidiaries, QP Limited and CDI Limited, is also involved in the project development as project managers and developer.

Going concern

The Directors have reviewed the Company's and the Group's operational and cash flow forecasts. Based on this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the Directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Principal risks and uncertainties

The hotel industry globally is marked by strong and increasing consolidation and many of the Group's current and potential competitors may thus have bigger name recognition, larger customer bases and greater financial and other resources than the companies within the Group.

Directors' report – continued

The Group is subject to general market and economic risks that may have a significant impact on the valuations of its properties (comprising hotels and investment property). A number of the Group's major operations are located in stable economies. The Group also owns certain subsidiaries that have operations situated in emerging or unstable markets. Such markets present different economic and political conditions from those of the more developed markets and present less social, political and economic stability. Businesses in unstable markets are not operating in a market-oriented economy as known in other developed or emerging markets. Further information about the significant uncertainties being faced in Libya are included in Note 5.

The Group is exposed to various risks arising through its use of financial instruments including market risk, credit risk and liquidity risk, which result from both its operating activities. The most significant financial risks as well as an explanation of the risk management policies employed by the Group are included in Note 37 of the financial statements.

Subsequent events

In February 2021, the Group acquired the remaining 50% of Golden Sands Resort Limited as per Note 39.

Reserves

The movements on reserves are as set out in the statements of changes in equity.

Directors

The following have served as directors of CPHCL during 2020 and until the date of these financial statements:

Mr Alfred Pisani – Chairman
Mr Abuagila Almahdi – Vice Chairman (resigned 6 April 2020)
Mr Khalid S T Benrjoba
Ms Karima Munir Elbeshir
Mr Joseph Pisani
Mr Victor Pisani
Mr Khaled Amr Algonsel (appointed 1 May 2020)

The Company's Articles of Association do not require any of the directors to retire.

Statement of directors' responsibilities for the Financial Statements

The directors are required by the Maltese Companies Act, (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

Directors' report – continued

Even though not required by law, the Group has set up an independent audit committee which meets regularly.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act, (Cap. 386). They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Company will be submitted at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf by:

Alfred Pisani
Chairman

Joseph Pisani
Director

22 Europa Centre,
Floriana FRN 1400,
Malta

30 April 2021

Independent auditor's report

To the Shareholders of Corinthia Palace Hotel Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position of Corinthia Palace Hotel Company Limited as at 31 December 2020, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Corinthia Palace Hotel Company Limited's financial statements, set out on pages 12 to 130 comprise:

- the Consolidated and Parent Company income statements and statements of total comprehensive income for the year ended 31 December 2020;
- the Consolidated and Parent Company statements of financial position as at 31 December 2020;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Material Uncertainty Relating to Going Concern as a Result of COVID-19

We draw attention to Note 3.1 to these financial statements, which describes the impact of COVID-19 on the Group's financial results, cash flows and financial position, and the measures being taken by management in this regard, in view of the unprecedented nature of the adverse economic conditions currently being experienced. These events or conditions, along with other matters as set forth in the said note, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – significant uncertainties

We draw attention to Note 4 to the financial statements, which highlights the fact that there is significant uncertainty in relation to the valuation of the Group's properties. The third party valuers engaged by the directors have included a material valuation uncertainty clause in their independent valuation reports, which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the circumstances attributable to the COVID-19 pandemic.

In addition, we draw attention to Note 5 to the financial statements, which highlights the significant political and economic uncertainties prevailing in Libya and their impact on the Group's financial statements. The note also explains the significant uncertainties and judgements surrounding the valuation of the Group's assets in Libya which is influenced by the timing of a recovery in the country that in turn has a bearing on the projected cash flows from the relative operations. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant manner.

This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potential impact that these uncertainties may have on the valuation of the Group's assets. Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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. We have nothing to report in this regard.

Independent auditor's report - *continued*

To the Shareholders of Corinthia Palace Hotel Company Limited

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the financial statements - continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The *Report and Financial Statements 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Independent auditor's report - *continued*

To the Shareholders of Corinthia Palace Hotel Company Limited

Report on other legal and regulatory requirements - *continued*

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 5) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • 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 the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) 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. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - *continued*

To the Shareholders of Corinthia Palace Hotel Company Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Simon Flynn
Partner

30 April 2021

Income statements

	Notes	The Group 2020 €'000	The Group 2019 €'000	The Company 2020 €'000	The Company 2019 €'000
Revenue	6.1	**106,397**	312,874	**2,714**	25,479
Costs of providing services	6.2	**(63,345)**	(152,468)	**-**	-
		43,052	160,406	**2,714**	25,479
Marketing costs		**(6,646)**	(13,864)	**-**	-
Administrative expenses	6.2	**(34,586)**	(53,367)	**(4,102)**	(6,565)
Other operating (costs)/income		**(10,112)**	(22,457)	**492**	(303)
		(8,292)	70,718	**(896)**	18,611
Depreciation and amortisation	6.2	**(39,434)**	(42,549)	**(212)**	(220)
Net movements in credit losses on loans receivable and other assets		**174**	-	**(3,715)**	(2,765)
Other losses arising on property, plant and equipment	13	**(2,925)**	(1,826)	**-**	-
Impairment losses attributable to intangible assets	11	**-**	(1,693)	**-**	-
Net changes in fair value of investment property	12	**(6,196)**	(137)	**-**	-
Net changes in fair value of contingent consideration		**-**	4,445	**-**	(563)
Net changes in fair value of indemnification liabilities	29	**-**	-	**-**	210
Results from operating activities		**(56,673)**	28,958	**(4,823)**	(15,273
Net changes in fair value of financial assets through profit and loss	20	**207**	2,204	**93**	1
Finance income	8				
- interest and similar income		**1,082**	1,053	**219**	215
Finance costs	8				
- interest expense and similar charges		**(27,841)**	(27,896)	**(4,349)**	(4,807)
- net exchange differences on borrowings		**(10,380)**	5,336	**-**	-
Share of net profit of associates and joint ventures accounted for using the equity method	16.1	**9,114**	3,382	**-**	-
Gain on sale of intangible asset	15.2	**-**	-	**-**	2,400
Reclassification of currency translation reserve to profit and loss upon loss in joint control	16.4	**(2,802)**	-	**-**	-
Gain on sale of investment in subsidiaries	35, 15.2	**-**	46,487	**-**	70,213
(Loss)/profit before tax		**(87,293)**	59,524	**(8,860)**	83,295
Tax credit/(expense)	9	**11,559**	(6,179)	**(6)**	2,369
(Loss)/profit for the year		**(75,734)**	53,345	**(8,866)**	85,664
(Loss)/profit for the year attributable to:					
- Owners of CPHCL		**(36,763)**	51,922	**(8,866)**	85,664
- Non-controlling interests		**(38,971)**	1,423	**-**	-
		(75,734)	53,345	**(8,866)**	85,664

Statements of total comprehensive income

	Notes	The Group 2020 €'000	The Group 2019 €'000	The Company 2020 €'000	The Company 2019 €'000
(Loss)/profit for the year		**(75,734)**	53,345	**(8,866)**	85,664
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
(Loss)/surplus arising on revaluation of hotel properties	13	**(10,246)**	7,000	**-**	-
Deferred tax on (loss)/surplus arising on revaluation of hotel properties	9.2	**450**	(1,330)	**-**	-
Share of other comprehensive income of joint ventures and associates accounted for using the equity method:					
- Surplus/(loss) arising on revaluation of hotel and other property	16.1	**239**	(4,550)	**-**	-
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		**(52,365)**	31,932	**-**	-
Deferred tax arising on currency translation differences		**4,359**	-	**-**	-
Other		**47**	-	**-**	-
Share of other comprehensive income of joint ventures and associates accounted for using the equity method:					
- Cash flow hedges	16.1	**(8)**	5	**-**	-
- Currency translation differences	16.1	**(1,017)**	331	**-**	-
Items reclassified to profit and loss					
Reclassification of currency translation reserve to profit or loss upon loss in joint control	16.4	**2,802**	-	**-**	-
Other comprehensive income for the year, net of tax		**(55,739)**	33,388	**-**	-
Total comprehensive income for the year		**(131,473)**	86,733	**(8,866)**	85,664
Attributable to:					
- Owners of CPHCL		**(64,254)**	64,920	**(8,866)**	85,664
- Non-controlling interests		**(67,219)**	21,813	**-**	-
		(131,473)	86,733	**(8,866)**	85,664

Statements of financial position

		The Group		The Company	
		31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	Notes	**€'000**	€'000	**€'000**	€'000
Assets					
Non-current					
Intangible assets	11	**5,253**	6,469	**-**	-
Investment property	12	**208,623**	232,652	**820**	820
Property, plant and equipment	13	**1,153,817**	1,239,706	**140**	149
Right-of-use assets	14	**15,088**	15,986	**36**	238
Deferred tax assets	30	**32,444**	20,719	**3,555**	3,555
Investments in subsidiaries	15	**-**	-	**359,795**	377,927
Investments in associates and joint ventures	16	**130,635**	127,525	**26,604**	26,604
Financial assets at fair value through profit or loss	20	**7,198**	8,401	**-**	-
Other financial assets at amortised cost	17	**5,105**	267	**-**	-
Assets placed under trust arrangement	27.2	**-**	3,698	**-**	-
Total non-current assets		**1,558,163**	1,655,423	**390,950**	409,293
Current					
Inventories	18	**13,056**	15,335	**-**	-
Trade and other receivables	19	**30,684**	43,873	**9,234**	9,108
Current tax assets		**4,438**	6,786	**862**	2,570
Financial assets at fair value through profit or loss	20	**13,799**	10,073	**4,553**	1,160
Assets placed under trust arrangement	27.2	**5,637**	122	**-**	-
Cash and cash equivalents	21	**90,350**	125,749	**38,921**	46,590
		157,964	201,938	**53,570**	59,428
Assets classified as held for sale	22	**930**	1,283	**-**	-
Total current assets		**158,894**	203,221	**53,570**	59,428
Total assets		**1,717,057**	1,858,644	**444,520**	468,721

Statements of financial position – continued

		The Group		The Company	
		31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	Notes	**€'000**	€'000	**€'000**	€'000
Equity and liabilities					
Equity					
Issued capital	23	**20,000**	20,000	**20,000**	20,000
Other reserves	24	**123,351**	152,343	**2,950**	21,617
Retained earnings		**262,217**	297,479	**278,416**	268,615
Capital and reserves attributable to owners of CPHCL		**405,568**	469,822	**301,366**	310,232
Non-controlling interests	15.3	**422,902**	490,331	**-**	-
Total equity		**828,470**	960,153	**301,366**	310,232

Statements of financial position – continued

		The Group		The Company	
		31 December	31 December	**31 December**	31 December
		2020	2019	**2020**	2019
	Notes	**€'000**	€'000	**€'000**	€'000
Liabilities					
Non-current					
Bank borrowings	26	**364,217**	340,706	**3,122**	3,306
Bonds	27	**242,639**	262,081	**-**	-
Lease liabilities	14	**13,474**	13,193	**6**	38
Other financial liabilities	28	**32,667**	32,054	**101,855**	116,902
Deferred tax liabilities	30	**98,047**	101,949	**-**	-
Indemnification liabilities	29	**-**	-	**23,396**	23,396
Trade and other payables	31	**5,708**	7,518	**-**	-
Provisions		**674**	352	**-**	-
Total non-current liabilities		**757,426**	757,853	**128,379**	143,642
Current					
Bank borrowings	26	**30,344**	50,399	**1,217**	1,290
Bonds	27	**19,938**	-	**-**	-
Lease liabilities	14	**2,727**	3,149	**32**	208
Other financial liabilities	28	**120**	-	**947**	947
Current tax liabilities		**1,265**	2,165	**-**	-
Trade and other payables	31	**76,767**	84,925	**12,579**	12,402
Total current liabilities		**131,161**	140,638	**14,775**	14,847
Total liabilities		**888,587**	898,491	**143,154**	158,489
Total equity and liabilities		**1,717,057**	1,858,644	**444,520**	468,721

The financial statements on pages 12 to 130 were approved by the board of directors, authorised for issue on 30 April 2021 and signed on its behalf by:

Alfred Pisani
Chairman

Joseph Pisani
Director

Statement of changes in equity - the Group

	Notes	Issued capital €'000	Other reserves €'000	Retained earnings €'000	Total attributable to owners of CPHCL €'000	Non controlling interest €'000	Total equity €'000
Balance at 1 January 2019		20,000	164,767	241,495	426,262	482,621	908,883
Comprehensive income:							
Profit for the year		-	-	51,922	51,922	1,423	53,345
Other comprehensive income		-	12,998	-	12,998	20,390	33,388
Total comprehensive income		**-**	**12,998**	**51,922**	**64,920**	**21,813**	**86,733**
Transfer to retained earnings	24	-	(25,422)	25,422	-	-	-
Transactions with owners:							
Transactions with NCI		-	-	1,640	1,640	(1,640)	-
Dividends distributed	10	-	-	(23,000)	(23,000)	(12,463)	(35,463)
Total transactions with owners		**-**	**-**	**(21,360)**	**(21,360)**	**(14,103)**	**(35,463)**
Balance at 31 December 2019		**20,000**	**152,343**	**297,479**	**469,822**	**490,331**	**960,153**

	Notes	Issued capital €'000	Other reserves €'000	Retained Earnings €'000	Total attributable to owners of CPHCL €'000	Non controlling interest €'000	Total Equity €'000
Balance at 1 January 2020		20,000	152,343	297,479	469,822	490,331	960,153
Comprehensive income:							
Loss for the year		-	-	(36,763)	(36,763)	(38,971)	(75,734)
Other comprehensive income		-	(27,491)	-	(27,491)	(28,248)	(55,739)
Total comprehensive income		**-**	**(27,491)**	**(36,763)**	**(64,254)**	**(67,219)**	**(131,473)**
Transfer to retained earnings	24	-	(1,501)	1,501	-	-	-
Transactions with owners:							
Dividends distributed	10	-	-	-	-	(210)	(210)
Total transactions with owners		**-**	**-**	-	-	(210)	(210)
Balance at 31 December 2020		**20,000**	**123,351**	**262,217**	**405,568**	**422,902**	**828,470**

Statement of changes in equity - the Company

	Notes	Issued capital €'000	Other reserves €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2019		20,000	21,617	205,951	247,568
Comprehensive income:					
Profit for the year		-	-	85,664	85,664
Total comprehensive income		-	-	85,664	85,664
Transactions with owners:					
Dividends distributed	10	-	-	(23,000)	(23,000)
Balance at 31 December 2019		20,000	21,617	268,615	310,232
Comprehensive income:					
Loss for the year		-	-	(8,866)	(8,866)
Total comprehensive income		-	-	(8,866)	(8,866)
Transfer to retained earnings	24	-	(18,667)	18,667	-
Balance at 31 December 2020		**20,000**	**2,950**	**278,416**	**301,366**

Statements of cash flows

		The Group		The Company	
		2020	2019	**2020**	2019
	Notes	**€'000**	€'000	**€'000**	€'000
(Loss)/profit before tax		**(87,293)**	59,524	**(8,860)**	83,295
Adjustments	32	**78,293**	10,071	**7,111**	(88,598)
Working capital changes:					
Inventories		**1,884**	(916)	**-**	-
Trade and other receivables		**7,387**	3,076	**(126)**	(269)
Trade and other payables		**(4,634)**	3,726	**(2,528)**	(8,666)
Cash (used in)/generated from operating activities		**(4,363)**	75,481	**(4,403)**	(14,238)
Tax paid		**(117)**	(6,154)	**(104)**	(346)
Tax refund received		**2,350**	56	**1,825**	56
Net cash (used in)/generated from operating activities		**(2,130)**	69,383	**(2,682)**	(14,528)
Investing activities					
Payments to acquire investment property	12	**(14)**	(299)	**-**	-
Payments to acquire intangible assets	11	**(54)**	(925)	**-**	-
Payments to acquire property, plant and equipment	13	**(13,979)**	(20,211)	**(1)**	(13)
Proceeds from disposal of property, plant and equipment, intangible assets and investment property		**-**	2,525	**-**	2,400
Proceeds from disposal of financial assets at FVTPL		**3,543**	5,277	**-**	-
Proceeds from trustee placed under trust arrangement		**-**	1,587	**-**	-
Disposal of subsidiaries, net of cash disposed		**-**	64,175	**-**	66,447

Statements of cash flows – continued

		The Group		The Company	
		2020	2019	**2020**	2019
	Note	**€'000**	€'000	**€'000**	€'000
Investing activities - continued					
Payments to acquire financial assets at FVTPL		**(5,979)**	(12,798)	**(3,301)**	(1,159)
Payments to acquire shares in associates		**-**	(24)	**-**	-
Loan advances to subsidiary companies		**-**	-	**(1,659)**	-
Loan repayments from associate companies		**-**	2,000	**-**	2,000
Advances to associate companies		**-**	(1,363)	**-**	-
Dividends received		**-**	-	**399**	8,010
Interest received		**1,082**	1,053	**220**	214
Net cash (used in)/generated from investing activities		**(15,401)**	40,997	**(4,342)**	77,899
Financing activities					
Repayments of bank borrowings		**(24,782)**	(41,762)	**(267)**	(1,830)
Proceeds from bank borrowings		**34,097**	36,959	**11**	600
Proceeds from issue of bonds		**-**	20,000	**-**	-
Payments for redemption of bonds		**-**	(7,500)	**-**	-
Bond issue costs		**-**	(313)	**-**	-
Proceeds of loans from related parties		**-**	-	**1,324**	2,161
Contributions to sinking fund		**(1,817)**	(53)	**-**	-
Principal elements of lease payments		**(1,768)**	(2,337)	**(175)**	(201)
Repayments of loans from related parties		**(265)**	(16,116)	**-**	(17,982)
Interest paid		**(23,407)**	(25,621)	**(1,538)**	(2,295)
Dividend payments		**(210)**	(12,463)	**-**	-
Net cash used in financing Activities		**(18,152)**	(49,206)	**(645)**	(19,547)
Net change in cash and cash Equivalents		**(35,683)**	61,174	**(7,669)**	43,824
Cash and cash equivalents at beginning of year		**118,505**	54,890	**46,590**	2,766
Effect of translation of group entities to presentation currency		**(2,959)**	2,441	**-**	-
Cash and cash equivalents at end of year	21	**79,863**	118,505	**38,921**	46,590

Notes to the financial statements

1. General information

Corinthia Palace Hotel Company Limited, (the 'Company'), is a private limited liability company incorporated and domiciled in Malta. The address of the Company's registered office and principal place of business is 22, Europa Centre, Floriana FRN 1400, Malta. The Company is the ultimate parent company of the Group.

2. Nature of operations

Corinthia Palace Hotel Company Limited and its subsidiaries' (the 'Group' or 'CPHCL') principal activities include the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The Group is also actively engaged in the provision of residential accommodation, project management services and industrial catering.

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements have been prepared on a historical cost basis, except for financial assets classified at fair value through profit or loss (FVTPL), the land and buildings class within property, plant and equipment and investment property – which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies (see Note 4 – Critical accounting estimates and judgements).

Assessment of the appropriateness of the going concern assumption taking cognisance of the COVID-19 related events

In view of the developments pertaining to the COVID-19 pandemic that commenced during the early part of the reporting period, the Group's operations within the hospitality sector were principally closed or restricted for business for a period of time, in line with the directions given by the health authorities of the jurisdictions within which the Group operates.

These events had a significant impact on the Group's operations during the year under review and on the financial results registered during the year with material adverse impact on the Group's profitability, cash flows and financial position. The Board's views are that the situation is unprecedented. The directors and senior management took a number of cost-saving measures and benefitted from a number of incentives and grants provided in the countries in which the Group operates. These combined actions helped significantly in minimising the operating losses and in preserving and extending the Group's financial resources. The directors and senior management remain committed to taking all necessary actions to mitigate the negative impact that COVID-19 is having on the Group. Although the pandemic is still prevalent, there is at least some light at the end of the tunnel. The roll out process of different vaccines across all countries where the Group operates is progressing, in some countries faster than others.

3. Summary of significant accounting policies - continued

3.1 Basis of preparation – continued

Assessment of the appropriateness of the going concern assumption taking cognisance of the COVID-19 related events - continued

This is an evolving situation however whilst second and third lockdowns have occurred or are being contemplated, one is also mindful that some of those European countries that have taken early lockdown precautions and are gaining momentum in their vaccination program are now easing measures to revert to normality. The ultimate objective is to achieve herd immunity by the end of summer 2021 in the UK and the European Union member states and whilst there are some delays, with the approval of new vaccines this objective still remains feasible.

In a company announcement dated 28 March 2020, the Group stated that the global pandemic had a significant impact on the hospitality industry, with the Group's hotels, related commercial properties and catering activities being at best in partial operation with significantly reduced business at that point in time. As outlined previously, the Group ultimately curtailed its principal hospitality and catering businesses as events unfolded. Immediate measures have been adopted across the Group to reduce operating costs to the minimum required to secure and maintain the Group's properties, with the objective of preserving financial resources. The Group's most material remaining operating cost is payroll and accordingly the Group has taken immediate action to reduce its payroll related costs. The Group adopted a series of bold and far-reaching measures that have significantly reduced operating costs and payroll expenses. It is benefitting from varying schemes adopted by the respective Governments in all countries in which the Group operates, including Malta, Portugal, Hungary, Czech Republic and the United Kingdom, which include outright salary subsidies, as well as the waiver or deferral of payroll taxes and social security contributions, together with waiver of property taxes for 2020.

The Company's senior management team has compiled Group financial projections for the year ending 31 December 2021, comprising historical financial information up to the date of authorisation for issue of these financial statements and forecast financial information for the residual period, incorporating the estimated impact of the events referred to above on the projected financial results, cash flows and financial position of the Group. The projected financial information reflects the estimated impact of the prevailing conditions currently experienced, under a scenario which encompasses a set of prudent assumptions that capture the forecast business conditions until 31 December 2021. These assumptions centre around the expected timing of resumption of operations of the different hospitality and catering businesses, the expected pace of recovery of business once operations resume, and expected level of activity and revenues post resumption. The Group is incorporating minimal forecast revenues for the first semester of 2021 with the exception of the St Petersburg and Tripoli operations where the situation is more bullish. The forecast for the second semester of 2021, once international travel resumes, is based on a fraction of the historical 2019 figures. Hence the Group is projecting that during 2024 revenue levels will revert to pre COVID-19 benchmarks. The projections referred to above contemplate the impact of the cost containment and management measures taken, together with government support in various jurisdictions in respect of operating expenditure until a maximum of 31 December 2021.

The Group is assessing the resumption of business dates on a specific property and business basis. The Group resumed certain operations in the second semester of 2020 and others during 2021, but this plan, in 2021, is reviewed on an ongoing basis taking into account developments and events as these unfold.

3. Summary of significant accounting policies - continued

3.1 Basis of preparation – continued

Assessment of the appropriateness of the going concern assumption taking cognisance of the COVID-19 related events - continued

The Group has been successful in securing banking facilities with local banks under the Malta Development Bank COVID-19 Guarantee Scheme, with the approved facilities amounting to the maximum amount possible under the Scheme. Although the approved loans have not been fully drawn as at the date of approval of these financial statements, the entire amount of the facilities is included as liquidity inflows later on in 2021.

During 2020, the Group has engaged in an extensive dialogue with its funding banks in Malta and internationally, and has entered into ad hoc arrangements with most of its principal lending banks to defer capital and in some cases interest payments too, which deferrals are reflected within the projections. These moratorium on interest and capital not only cover 2020 but, in some instances, also extend to the first part of 2021.

Certain banking facilities include loan to value and debt service cover covenants which are tested on a periodical basis. On the basis of the projections made in 2020, the Group was, as expected bound to breach specific covenants exclusively in view of COVID-19 impact on its business and financial results. Waivers have been obtained in respect of such breaches that occurred in 2020 or are expected to occur in the early part of 2021 This situation is being kept under constant review and if additional waivers will be required these will be applied for in due time. If waivers are not successfully negotiated, then the Group would be technically considered in default in respect of the related loan agreements and facilities would need to be repaid, which may mean that the Group may not be able to meet these liabilities at that point in time. However, the Group expects to secure all further future waivers as needed, and this is assumed within the financial projections.

The Group will be reviewing other funding arrangements expected to mature throughout 2021. Interest payment obligations on all such funding arrangements are included within the projections.

The Group is not relying on asset disposals other than the planned sale of the penthouse apartment in London for cash flow purposes and accordingly did not reflect proceeds from disposal of any significant assets during the explicit period of the cash flow projections, although disposals are an option. The majority of the funds that will be received from the penthouse sale will be applied towards the settlement of the bank loan on the said penthouse and in supporting the partial repayment of the bank loan on the London hotel.

The combined effects of the actions effected are to safeguard the Group's financial and liquidity positions to see the business through the period of the pandemic, taking into account the forecasted revenue levels expected to be generated by the Group's hotels and catering businesses within the explicit period of the projections. Under the cash flow projections, utilising a prudent scenario, the Group is expected to have sufficient liquidity and financial resources to meet its obligations and expected cash outflows taking into account the actual outcome of actions taken so far by the Group and also the expected outcome of other forecasted funding actions and related initiatives throughout the explicit period of the projections. Hence, the Group is likely to have sufficient resources and funds to meet all its payment obligations, including bond interest payments as they arise through the course of the explicit period, as the projections reveal a certain level of headroom in respect of liquidity available to the Group throughout the period to 31 December 2021.

The impact of the expected reduction in revenues and deterioration of financial results during the year ended 31 December 2020 and the year ending 31 December 2021 on the fair valuation of the Group's properties is not expected to have a significant impact on the Statement of Financial Position on the basis of the information available at date of signing.

3. Summary of significant accounting policies - continued

3.1 Basis of preparation – continued

Assessment of the appropriateness of the going concern assumption taking cognisance of the COVID-19 related events - continued

The Directors are conscious that, in common with similar businesses operating in the same sectors, all judgements reached at this stage remain subject to a material degree of underlying uncertainty, however the following matters are considered to constitute a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern:

- While the Group's analysis assumes a gradual recovery into 2021, limited to a fraction of the business generated in 2019, the eventual outcome of the pandemic remains subject to material uncertainty. A more prolonged outbreak, or a resurgence of the disease, would lead to more widespread economic disruption; which may in part be countered by further governmental measures that also cannot be foreseen at this stage.
- The political and economic uncertainties prevailing in Libya entail significant uncertainties and judgements surrounding the valuation of the Group's assets in Libya, which is influenced by the timing of a recovery in the country that in turn has a bearing on the projected cash flows from the relative operations. In this regard positive steps were taken in appointing an interim government of national unity with a mandate to hold free elections by the end of 2021. These projections remain subjective and difficult to predict due to the current market environment, also taking into account the COVID-19 pandemic. Different plausible scenarios may impact the financial performance of the Libya operations and the valuation of related assets in a significant manner (refer to Note 5 to the financial statements for further information in this respect).
- The Group continues to be dependent on the continued support of its bankers for its financing, and on successfully negotiating waivers of bank covenants, if required, when these fall due.

The Directors confirm that, after considering the matters set out above, they have a reasonable expectation that the Group will be successful in securing continued support from its funding banks and waivers for the forecast covenant breaches in 2021, if required, together with refinancing of other funding arrangements.

Accordingly, based on the outcome of the cash flow projections in a prudent scenario as referred to, the Directors and senior management consider the going concern assumption in the preparation of the Group's financial statements as appropriate as at the date of authorisation for issue of the 2020 financial statements.

The board of directors and senior management remain vigilant on developments and will be taking further measures as and when necessary to ensure the continued viability of the Group and to preserve the Group's liquid resources to enable it to manage the liquidity demands over the coming months in an agile and decisive manner as events unfold.

Working capital position

The Group's working capital position as at the end of December 2020 reflects a surplus of €27.73 million (2019: surplus of €62.58 million).

Apart from the surplus cash flows generated from the Group's operations and investment, the Group maintains a policy of supplementing cash available for its working capital requirements through various financing initiatives and the disposal of non-core assets.

3. Summary of significant accounting policies - continued

3.2 Standards, interpretations and amendments to published standards effective in 2020

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS1 and IAS8
- Definition of a Business – amendments to IFRS3
- Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Covid-19-Related Rent Concessions – amendments to IFRS16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3.3 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2020. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's current or future reporting periods and on foreseeable future transactions.

3.4 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 3.6).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

3. Summary of significant accounting policies - continued

3.4 Principles of consolidation and equity accounting – continued

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. In the Group's financial statement investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

In the Group's financial statements, interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 3.11.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of CPHCL.

3. Summary of significant accounting policies - continued

3.4 Principles of consolidation and equity accounting – continued

(v) Changes in ownership interests - continued

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.5 Investments in subsidiaries, associates and joint ventures in the Company's stand-alone financial statements

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for by the cost method of accounting i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries, associates and joint ventures are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

3.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

3. Summary of significant accounting policies - continued

3.6 Business combinations - continued

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro, which is CPHCL's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3. Summary of significant accounting policies - continued

3.7 Foreign currency translation - continued

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.8 Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

3. **Summary of significant accounting policies** – continued

3.8 **Property, plant and equipment** – continued

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	Years
Freehold buildings	33 - 100
Plant and equipment	3 - 20
Motor vehicles	5 - 6

Freehold land is not depreciated as it is deemed to have an indefinite life. Assets in the course of construction and payments on account are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (refer to Note 13). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

3.9 **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by entities forming part of the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually.

These fair valuations are reviewed regularly by a professional valuer. The fair value of investment property generally reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

3. Summary of significant accounting policies - continued

3.9 Investment property - continued

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation surplus under IAS 16.

3.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 11. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Impairment losses on goodwill are not reversed.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of joint ventures and associates is included within the carrying amount of the investments.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Brands

The brand comprises the 'Island Caterers' brand name which was separately identified as part of the assets acquired on the acquisition of Island Hotels Groups Holdings p.l.c..

The brand does not have a finite life and is measured at cost less accumulated impairment losses. The brand is regarded as having an indefinite life, since based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows. As at the reporting date, the brand was fully impaired as disclosed in Note 11.

(c) Other intangible assets

Separately acquired intangible assets, such as purchased computer software are shown at historical cost. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure including costs incurred in the ongoing maintenance of software, is recognised in profit or loss as incurred.

3. Summary of significant accounting policies - continued

3.10 Intangible assets – continued

(c) Other intangible assets - continued

Intangible assets include intangibles with finite lives, which are amortised, on a straight-line basis over their estimated useful lives. Estimated useful life is the lower of legal duration and expected useful life. The estimated useful lives are as follows:

	Years
Brand design fee and other rights	5-10
Concessions	2-10
Operating contracts	20
Others	3

3.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.12 Financial assets

3.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3. Summary of significant accounting policies - continued

3.12 Financial assets - continued

3.12.2 Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group's and the Company's debt instruments principally comprise loans and advances to other undertakings. The Group also holds investments in mutual funds; management has assessed that such investments do not meet the definition of equity in accordance with IAS 32 from the issuer's perspective since the Group can sell its holding back to the fund in return for cash. Accordingly, these investments are considered to be debt instruments from the Group's perspective.

There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating expenses together with foreign exchange gains and losses. Impairment losses are presented under credit losses on loans receivable in the income statement.

- FVTPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within net changes in fair value of financial assets in the period in which it arises. The Group classified its investments in mutual funds in this category, on the basis that such investments fail to meet the 'solely payments of principal and interest' test.

Equity instruments

The Group subsequently measures all its financial assets in equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income, when the entity's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are shown separately in the income statement.

3. Summary of significant accounting policies - continued

3.12 Financial assets - continued

3.12.4 Impairment

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 37.1 for further details.

3.13 Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for good sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 37.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises the invoice value of goods and, in general, includes transport and handling costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.16 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative financial instruments, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. Financial liabilities at fair value through profit or loss would be initially recognised at fair value through profit or loss with transaction costs expensed in profit or loss and would be subsequently measured at fair value. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3. Summary of significant accounting policies - continued

3.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.20 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3. Summary of significant accounting policies – continued

3.20 Income tax - continued

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.22 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by occurrence, or non-occurrence, of one or more uncertain future event not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

3.23 Revenue recognition

(a) Revenue from hotel operations

Revenue from hotel operations includes revenue from accommodation, food and beverage services, and other ancillary services. The substantial majority of services are provided to customers during their stays in one of the Group's hotels, and, depending on the type of booking, some services would generally be amalgamated into one 'contract' (for example, bed and breakfast).

3. Summary of significant accounting policies - continued

3.23 Revenue recognition – continued

(a) Revenue from hotel operations - continued

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Group is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at the respective hotel).

(b) Catering services

The Group provides services in the catering industry. The transaction price comprises a fixed amount agreed with the respective customer. Any upfront payments are deferred as contract liabilities, and revenue is recognised in the period that the services are provided to the customer.

(c) Project management services

The Group provides a wide range of project management services, some of which may span over multiple accounting periods. Some contracts require the provision of multiple services, and the Group assesses whether these constitute distinct performance obligations in the context of the arrangement. In any case, revenue from such performance obligations is recognised over time, using an input method of progress to calculate the stage of completion.

The consideration for project management services is based on the expected number of hours that the Group expects to be required for the project to be completed. Revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed up to the end of the reporting period in relation to the estimated total costs for the contract. Costs incurred during the year that relate to future activity on a contract are excluded from contract costs in determining the stage of completion and are shown as contract work in progress.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting period. The Group presents as a contract asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, within trade and other receivables. The Group presents as a contract liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), within trade and other payables.

3.24 Leases

3.24.1 Accounting policy where the Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

3. Summary of significant accounting policies – continued

3.24 Leases – continued

3.24.2 Accounting policy where the Group is the lessee

The Group's leasing policy is described in Note 14.

3.25 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

Other borrowing costs are expensed in the period in which they are incurred.

3.26 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under trade and other payables in the statement of financial position.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Contributions to defined contribution pension plans

The Group contributes towards the State defined contribution pension plan in accordance with local legislation in exchange for services rendered by employees and to which it has no commitment beyond the payment of fixed contributions. Obligations for contributions are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

3.27 Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.28 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

4. Critical accounting estimates and judgements

Management makes estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The resulting accounting estimates will, by definition, seldom equal actual results.

The fair value of property, plant and equipment and investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 13 to these financial statements which highlights information about the fair value estimation of land and buildings and investment property, together with a sensitivity analysis of the effect of shifts in unobservable inputs used in determining these fair values. The third-party valuers engaged by the directors have included a material uncertainty clause in their report in this respect. This clause highlights the fact that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

Additionally, the significant estimates and uncertainties arising from the Group's operations in Libya are disclosed in Note 5.

Estimations, uncertainties and judgements made in determining the lease term in relation to lease accounting are disclosed in Note 14.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5. The Group's operations in Libya

The Group's investments in Libya principally comprise:

- The Corinthia Hotel Tripoli, a fully owned five-star hotel in Tripoli with a carrying amount of €71.71 million (2019: €74.11 million) managed through Corinthia Towers Tripoli Limited (CTTL), a company registered in Malta with a branch in Libya, owned by IHI p.l.c., a subsidiary of CPHCL;
- An adjoining Commercial Centre to the above-mentioned hotel, with a carrying amount of €73.74 million (2019: €73.74 million) also operated by CTTL;
- A site surrounding the Hotel, with a carrying amount of €29.50 million (2019: €29.50 million) also operated by CTTL;
- The Palm City Residences, a large-scale complex in Janzour, Libya, owned by an associate company, Mediterranean Investments Holding p.l.c. (MIH p.l.c.), in which the CPHCL Group holds a 50% share. The book value of this property is €272.57 million (2019: €272.54 million) and the Group's share of this asset and of another site owned by MIH p.l.c. in Libya is €141.44 million (2019: €141.69 million); and
- The development of the Medina Tower Project through IHI p.l.c. and MIH p.l.c., each company owning 25.00% of such project with each company having a carrying amount of €12.18 million (2019: €12.80 million) resulting in total group holding of €18.27 million (2019: €19.20 million).

Since 2014, Libya experienced severe political instability due to the collapse of the central government during the same year and the country has been going through difficult times ever since. A United Nations-brokered ceasefire deal was reached in December 2015 and the Libyan Political Agreement to form a Government of National Accord was signed. On 31 March 2016, the leaders of the new UN-supported unity government arrived in Tripoli. In May 2018 Libya's rival leaders agreed to hold parliamentary and presidential elections following a meeting in Paris. No election has been held as rival leaders were jostling for territory. In March 2021 however, Libya's parliament endorsed a new, unified government, and the two previous rival governments agreed to dissolve. This transitional government is due to stay in power until the end of 2021, when national presidential and legislative elections will take place. The political instability in Libya and the state of economic uncertainty that continued to prevail during the financial year ended 31 December 2020 had a negative effect on the Libyan hospitality and real estate sectors. This situation continues to impact the CPHCL Group's financial results in Libya.

5. The Group's operations in Libya - continued

Having stated the above, and notwithstanding the negative impact of the COVID-19 pandemic which saw Group's revenue and profitability reduce significantly, it should be noted that the turnover registered during 2020 by Corinthia Towers Tripoli Limited amounts to €12.50 million (2019: €10.40 million) representing 11.70% (2019: 3.40%) of the Group's Revenue, with a profit before tax of €3.25 million (2019: €1.40 million). Current year's revenue includes €7.35 million (2019: €7.20 million) generated from rental contracts attributable to the Commercial Centre that remained in full operation throughout since its opening, generating a steady income from the lease of commercial offices within the Centre to international blue-chip companies. The existence of long-term leases has mitigated the impact of the continued political instability and state of uncertainty on the Commercial Centre. The Group is negotiating additional lease agreements and this will result in the Commercial Centre being fully leased out as from the latter part of 2021.

Accordingly, whilst the hotel sustained negative net financial results during 2020 and 2019 particularly in view of the relatively fixed nature of certain expenses, the net contribution from the Commercial Centre was positive. Management's objective for the hotel is to minimise operational losses and to ensure that payroll and other operating costs are managed in the context of the reduced operating income levels. At the same time, however, the company continues to invest in maintenance and security costs to ensure that the hotel is kept in a pristine condition to allow it to benefit from increased revenues once the situation improves.

There were no major changes during the last year when it comes to the significant economic and political uncertainty prevailing in Libya. This renders fair valuation of property assets situated in Libya, by reference to projected cash flows from operating the asset or to market sales prices, extremely difficult and judgmental. The operating performance of the assets in Libya has remained relatively stable when compared to last year even when taking into account the level of uncertainty brought about by the COVID-19 pandemic.

The economic conditions in Libya create significant uncertainty in relation to the recoverability of debtors, amongst other current assets. As at 31 December 2020, in addition to a current tax asset of €2.30 million (2019: €2.30 million), Corinthia Towers Tripoli Limited also had amounts due from Government related entities and other amounts receivable from embassies and corporate clients.

The Palm City Residences, operated through an associate company in which the Group owns a 50% share, continued to perform resolutely during the year under review, reaching a milestone figure of 60.2% occupancy rate in May 2019 and an average occupancy of 54.4% between June and December of that year. Although there were a number of planned contract terminations at the end of 2019, and notwithstanding the travel restrictions imposed in consequence of the global pandemic in 2020, the average occupancy for 2020 remained stable at 51.7%. Whilst revenues decreased by €1.70 million over last year, operating costs and administrative expenses were retained at relatively low operating levels such that the operating profit decreased by €1.50 million over the year before. The operation registered a profit after tax of €25.00 million compared to €14.50 million in 2019, after taking into consideration a reversal of an overprovision in previous years for deferred taxes on investment property.

5. The Group's operations in Libya - continued

The exposures emanating from the Group's activities in Libya are summarised in the table below:

	Carrying amount 31 December 2020 €'000	Carrying amount 31 December 2019 €'000
Corinthia Towers Tripoli Limited		
Property, plant and equipment	**71.7**	74.1
Investment property	**103.2**	103.2
Inventories	**1.8**	1.7
Trade receivables, net of provisions	**1.3**	1.3
Current tax receivable	**2.3**	2.3
Mediterranean Investments Holding p.l.c.		
Share of total assets	**163.3**	157.6
Medina Tower J.S.C.		
Investment in associate accounted for using the equity method of accounting	**12.2**	12.8

The future performance of the Hotel, the Commercial Centre and other operations referred to above, together with the fair value of the related and other property assets situated in Libya are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside.

In assessing the value of the Hotel, the Directors also believe that the outlook has not changed significantly over the past twelve months and therefore they have retained the expectations of a gradual recovery for the Hotel. However, the Directors also recognise that there is interest from a number of sources for short and long-term accommodation. Hotel occupancy rates in the initial months of 2021 are encouraging and occupancy levels of 24% have been reached. As a result, the results of the valuation assessment supporting the carrying amount of the Hotel in Libya are substantially in line with the assessments made last year, save for a reduction in the carrying value of €2.56 million representing the depreciation charge for the year under review. In accordance with this assessment, no further impairment charges were deemed necessary in these financial statements after taking into account the impairment charges of €40.50 million recognised in 2014 and further depreciation charges amounting to €16.96 million accounted for between 2016 and 2020.

In the case of the Commercial Centre, the carrying amount of the property is unchanged from that reported last year.

The Group's investment property also includes a site surrounding the Hotel, with no determined commercial use, having a carrying amount of €29.50 million as at 31 December 2020, which is unchanged from the carrying amount as at 31 December 2019. This fair valuation is based on an independent real estate value of the site taking into account limited available market information.

5. The Group's operations in Libya - continued

The fair value of Palm City Residences as at 31 December 2020, carried out by the Directors of Palm City Ltd., was determined by discounting the forecast future cash flows generated for the remaining period of 51 years of the Build-Operate-Transfer agreement signed between Corinthia Palace Hotel Company Limited and Palm City Ltd. In the previous reporting period, a valuation exercise was carried out by the directors to determine the fair value of the investment property, and a composite pre-tax discount rate of 12.65% in real terms was applied to the projected cash flows. The fair value of Palm City Residences was determined at the level of €272.00 million as at 31 December 2019. During the current reporting period, another exercise was carried out by the Directors to determine the fair value of the investment property. The valuation arrived at was a result of specific premiums being applied including country risk, property risk and projection risk premium. The composite pre-tax discount rate utilised for the year under review is 12.52%. The resultant valuation in 2020 reflected an increase in the carrying value of €20.74 million. which the directors, acting prudently, opted not to recognize in this reporting period. This, notwithstanding the stable and resolute performance of the operation, and in consideration of the various scenarios possible in the current political climate.

In view of the prevailing circumstances in Libya, The Medina Tower Project owned by an associate of the Group has slowed down considerably. The key assets within this company as at 31 December 2020 comprise the project site carried at €41.28 million (2019: €43.30 million), and cash balances amounting to €8.04 million (2019: €8.10 million).

At this point in time, different scenarios in terms of the future political landscape in Libya are plausible, which scenarios, negative and positive, could significantly influence the timing and amount of projected cash flows and the availability of property market sales price information. The impact of these different plausible scenarios on the operating and financial performance of the Hotel, Commercial Centre and Palm City Residences, and on the fair valuation of the related property assets would accordingly vary in a significant manner.

The Directors also took note of the decision taken by the Central Bank of Libya to issue an exchange rate modification effective from 3 January 2021, whereby the Libyan Dinar was modified to equate to 4.48 Dinars to the US Dollar. The implications of such devaluation in the Libyan Dinar is disclosed in Note 39 to these financial statements.

It is somewhat difficult to predict when the political situation in the country will start stabilising and forecasting the timing of any economic recovery in Libya is judgemental. Past experience has shown that, because of the keen interest by the international oil and gas industry to return to Libya, the Group's performance in respect of its operations in Libya is likely to recover quickly once the situation in the country improves in a meaningful manner.

6. Revenue and expenses

6.1 Revenue

The Group's revenues are split by category, are disclosed below:

	The Group	
	2020	2019
	€'000	€'000
Hotel operations	**72,760**	263,703
Rental income	**21,102**	28,432
Catering	**13,974**	34,637
Project management	**7,279**	7,710
Manufacturing	**10**	847
Laundry and dry cleaning	**1,431**	3,275
Event organisation	**481**	2,522
Others	**258**	716
Hotel management	**5,771**	19,183
Elimination of intra group revenues	**(16,669)**	(48,151)
	106,397	312,874

The Company's revenue is mainly derived from dividend income and an element of management fees.

Contract assets and contract liabilities with respect to the Group's revenue from contracts are disclosed in Notes 19 and 31 respectively.

6.2 Expenses by nature

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Directors' fees	**90**	90	**-**	-
Management fees	**-**	-	**687**	1,100
Food, beverage and other direct costs	**10,444**	30,887	**-**	-
Professional fees (excluding audit fees)	**3,777**	5,024	**126**	356
Energy costs	**6,734**	11,538	**6**	8
Depreciation of property, plant and equipment (Note 13)	**35,212**	38,689	**10**	11
Depreciation of right-of-use assets (Note 14)	**2,954**	2,505	**202**	209
Amortisation of intangible assets (Note 11)	**1,268**	1,355	**-**	-
Personnel expenses (Note 7)	**57,429**	110,726	**2,414**	2,174
Property taxes	**2,154**	5,180	**-**	-
Repairs and maintenance	**5,444**	7,747	**-**	-

The Group's Directors' remuneration charged in profit or loss in 2020 amounted to €1.20 million (2019: €2.96 million). Directors' remuneration for the Company charged in profit or loss in 2020 amounted to €0.34 million (2019: €2.06 million).

6. Revenue and expenses - continued

6.3 Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2020 and 31 December 2019 are shown in the table below.

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Annual statutory audit	**706**	778	**70**	74
Tax compliance and advisory services	**47**	214	**-**	-
Other non-audit services	**51**	68	**-**	9
	804	1,060	**70**	83

7. Personnel expenses

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Wages and salaries	**48,705**	92,124	**2,296**	1,430
Social security contributions	**5,120**	8,516	**42**	41
Other staff costs	**3,604**	10,086	**76**	703
	57,429	110,726	**2,414**	2,174

Government grants in relation to personnel expenses

In response to the COVID-19 coronavirus pandemic, the Group has benefitted from varying schemes adopted by the respective Governments in various countries in which the Group operates. The Group and Company received grants amounting to €14.02 million and €0.18 million respectively under the varying schemes adopted by the respective Governments. These grants have been netted off against the wages and salaries amount disclosed above.

The average number of employees is as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	No.	No.	**No.**	No.
Management and administrative	**541**	743	**26**	30
Operating	**1,480**	2,856	**11**	11
	2,021	3,599	**37**	41

8. Finance income and finance costs

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Finance income:				
Interest income on loans to associates	**148**	213	**139**	203
Interest income on bank balances	**155**	350	**-**	-
Interest income on loans to investee	**379**	-	**-**	-
Others	**400**	490	**80**	12
Total finance income	**1,082**	1,053	**219**	215
Finance costs:				
Interest expense on bank borrowings	**11,064**	11,606	**175**	193
Interest expense on bonds in issue	**12,728**	12,900	**-**	-
Interest expense on shareholders' loans	**1,480**	813	**1,480**	813
Interest expense on subsidiaries' loans	**-**	-	**2,564**	3,615
Interest expense on lease liabilities	**906**	855	**8**	18
Bond issue and other financing costs	**1,111**	1,504	**-**	-
Net exchange differences	**10,380**	(5,336)	**-**	-
Others	**552**	218	**122**	168
Total finance costs	**38,221**	22,560	**4,349**	4,807

9. Tax income/(expense)

The credits/(charges) for income tax on (losses)/profits derived from local and foreign operations have been calculated at the applicable tax rates.

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Current taxation:				
- Current year tax	**694**	(6,835)	**(6)**	-
- Adjustment recognised in financial period for current tax of prior period	**47**	14	**-**	-
Deferred taxation:				
- Deferred tax income	**10,182**	1,220	**-**	2,369
- Adjustment recognised in financial period for deferred tax of prior period	**636**	(578)	**-**	-
	11,559	(6,179)	**(6)**	2,369

Refer to Note 30 for information on the deferred tax assets and liabilities.

9. **Tax income/(expense)** - continued

9.1 Tax income/(expense) reconciliation

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
(Loss)/profit before income tax expense	**(87,293)**	59,524	**(8,860)**	83,295
	(87,293)	59,524	**(8,860)**	83,295
Income tax using the Company's domestic tax rate	**30,553**	(20,833)	**3,101**	(29,153)
Effect of income/(losses) subject to foreign/different tax rates	**(12,087)**	7,110	**(672)**	8,330
Effect of reduction in tax rate on opening deferred tax assets	**-**	(1,658)	**-**	-
Non-taxable income	**3,251**	11,622	**23**	22,237
Non-tax deductible expenses	**(2,716)**	(1,337)	**(1,888)**	(822)
Movement in unrecognised deferred tax	**(6,780)**	(1,140)	**(570)**	1,777
Adjustments in respect of previous years	**683**	(564)	**-**	-
Effect of Group's share of profit and loss attributable to investments accounted for using the equity method	**3,142**	1,184	**-**	-
Write-down of previously recognised deferred tax asset	**(4,002)**	-	**-**	-
Other	**(485)**	(563)	**-**	-
Tax income/(expense)	**11,559**	(6,179)	**(6)**	2,369

9. Tax income/(expense) - continued

9.2 Tax recognised in other comprehensive income

The tax impacts which are entirely attributable to deferred taxation, relating to components of other comprehensive income, are as follows:

	2020			2019		
	Before tax	**Tax (charge)/ credit**	**Net of tax**	Before tax	Tax (charge)/ credit	Net of tax
	€'000	€'000	€'000	€'000	€'000	€'000
Group						
Loss/surplus arising on revaluation of hotel properties	**(10,246)**	**450**	**(9,796)**	7,000	(1,330)	5,670
Currency translation differences	**(52,365)**	**4,359**	**(48,006)**	36,491	(4,429)	32,062
	(62,611)	**4,809**	**(57,802)**	43,491	(5,759)	37,732

10. Dividends

	The Company	
	2020	2019
	€'000	€'000
Dividends paid on ordinary shares	**-**	23,000
Dividends per share	**-**	€1.15

11. Intangible assets

The Group

	Goodwill €'000	Brand €'000	Brand design fee and other rights €'000	Con-cessions €'000	Operating contracts €'000	Others €'000	Total €'000
Cost							
At 1 January 2019	2,905	3,121	9,608	463	7,000	2,384	25,481
Additions	-	-	194	-	-	731	925
Exchange differences	-	-	-	-	-	4	4
At 31 December 2019	2,905	3,121	9,802	463	7,000	3,119	26,410
At 1 January 2020	2,905	3,121	9,802	463	7,000	3,119	26,410
Additions	-	-	27	-	-	59	86
Write-off	-	-	(710)	-	-	-	(710)
Exchange differences	-	-	(3)	-	-	(1)	(4)
At 31 December 2020	**2,905**	**3,121**	**9,116**	**463**	**7,000**	**3,177**	**25,782**
Amortisation and impairment							
At 1 January 2019	766	1,500	8,036	330	4,258	2,002	16,892
Amortisation charge	-	-	586	40	350	379	1,355
Impairment losses	-	1,621	-	-	-	72	1,693
Exchange differences	-	-	-	-	-	1	1
At 31 December 2019	766	3,121	8,622	370	4,608	2,454	19,941
At 1 January 2020	766	3,121	8,622	370	4,608	2,454	19,941
Amortisation charge	-	-	505	40	350	373	1,268
Write-off	-	-	(678)	-	-	-	(678)
Exchange differences	-	-	(1)	-	-	(1)	(2)
At 31 December 2020	**766**	**3,121**	**8,448**	**410**	**4,958**	**2,826**	**20,529**
Carrying amount							
At 1 January 2019	2,139	1,621	1,572	133	2,742	382	8,589
At 31 December 2019	2,139	-	1,180	93	2,392	665	6,469
At 31 December 2020	**2,139**	**-**	**668**	**53**	**2,042**	**351**	**5,253**

11. Intangible assets - continued

Goodwill

The acquisition of CaterMax Limited and Malta Fairs and Conventions Centre Limited in 2016 gave rise to goodwill amounting to €0.78 million, attributable to synergies expected between the acquired business and the Group's previously owned business line operating within CaterMax's sector.

In 2015, IHI p.l.c. had acquired the IHGH Group. The goodwill arising on this major acquisition was of €1.40 million. The goodwill is attributable to cost synergies. Relative to the Group's total asset base, the goodwill arising on this acquisition is not material to warrant the disclosures that would have otherwise been required by IAS 36.

Brand

As part of the acquisition of the IHGH Group, IHI p.l.c. identified and recognised an amount of €3.10 million attributable to the 'Island Caterers' brand name. The value of the brand was determined by independent experts upon acquisition.

In 2019, following an assessment of the brand's recoverable amount, the directors impaired the value of the brand by €1.60 million. Given that the brand is no longer in use, the intangible related to the 'Island Caterers' brand amounting to €3.10 million had been fully impaired at 31 December 2019. The impairment on the brand was not deemed material to warrant the disclosures that would have otherwise been required by IAS 36.

Brand design fees and other rights

The Group has franchise agreements with Costa International Limited to develop and operate the Costa Coffee brand in the Maltese Islands as well as in the territory of Spain (East Coast), the Balearic Islands and the Canary Islands. These intangibles arise from the acquisition of the IHGH Group in 2015 and the Group has identified two cash-generating units ("CGUs") from this acquisition: Costa Coffee Spain and Costa Coffee Malta. The total amount of brand design fees and other rights recognised on acquisition amounted to €8.70 million, of which €6.10 million related to Costa Coffee Spain.

Costa Coffee Malta

This cash-generating unit includes the operation of the Costa Coffee retail brand in Malta. As at 31 December 2020 and 2019, the Group operated twelve outlets each enjoying a strategic location in areas popular for retail operations.

Costa Coffee Spain

The Group operated twelve Costa Coffee outlets in the east coast of Spain, the Canary and Balearic Islands. These outlets were all closed off and the operation put into liquidation during 2020. A write-off of the intangible asset relating to this operation was effected during the current year.

11. Intangible assets – continued

Operating contracts

These contracts represent the assumed value attributable to the operation of hotel properties which arose on the re-acquisition of 30% shareholding of Corinthia Hotels Limited ('CHL'), formerly known as CHI Limited in 2012.

The impairment test in respect of the carrying amount of this intangible asset was performed by virtue of an expert valuation of an independent party. The indicative valuation is based on the discounted cash flows derived from hotel operating projections as prepared by specialists in hotel consulting and valuations, and such projections confirm that no impairment charge was required as at 31 December 2020 and 2019.

The discounted cash flow (value-in-use) calculation was determined by discounting the forecast future cash flows generated by CHL for a ten-year explicit period 2021 – 2030. The following are the key assumptions underlying the projections:

- revenue derived from IHI p.l.c. properties is based on operational projections. This accounts for 68.00% of the total revenue in the explicit period (2019: 75.00%);
- revenue from other properties is assumed to increase by 2.00% per annum on 2021 budget (2019: 2.00% on 2020 budget) (in-perpetuity growth rate of 2.00% per annum applied subsequently to the ten-year period covered by the explicit projections);
- a pre-tax discount rate of 12.28% was applied to the operating projections of CHL (2019: 13.40%).

Others

Other intangible assets represent web-site development costs and licenses, and are amortised over three years.

12. Investment property

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
At 1 January	**232,652**	228,667	**820**	820
Disposal of a subsidiary (Note 35)	**-**	(5,666)	**-**	-
Additions	**14**	299	**-**	-
Disposals	**-**	(1,118)	**-**	-
Net loss from fair value adjustment	**(6,196)**	(137)	**-**	-
Net exchange differences	**(17,847)**	10,607	**-**	-
At 31 December	**208,623**	232,652	**820**	820

a) The Group's investment properties are valued annually on 31 December at fair value by independent professionally qualified valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued.

12. Investment property - continued

The carrying amount of the investment properties is analysed as follows:

	The Group	
	2020	2019
	€'000	€'000
Investment property		
Commercial Centre in St Petersburg – Russia	**49,349**	64,829
Commercial Centre in Tripoli – Libya	**73,744**	73,743
Apartment block in Lisbon	**3,168**	3,160
Site in Tripoli – Libya	**29,500**	29,500
Apartment in London	**35,594**	42,942
Site in Marsa – Malta	**9,633**	9,633
Site in Konopiste – Czech Republic	**7,222**	7,453
Site in Misurata – Libya	**88**	88
Amber Hotels – Czech Republic	**325**	336
Other	**-**	968
	208,623	232,652

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 13.1.

b) Investment properties with a carrying amount of €200.99 million (2019: €223.81 million) are hypothecated in favour of bankers as collateral for general banking facilities and loans granted to the Group.

c) Rental income earned by the Group from investment property amounted to €12.52 million (2019: €13.74 million) while direct expenses amounted to €1.60 million (2019: €2.10 million).

d) All investment property is leased out under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

As at 31 December 2020, the London apartment was valued at €35.59 million resulting in an impairment of €5.23 million which has been recognised in the income statement. The London apartment was marketed for sale and a sale agreement was signed in March 2021. The sale completion is expected to occur in October 2021.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

13. Property, plant and equipment

	The Group				
	Land and buildings	Plant and equipment	Motor vehicles	Assets in the course of construction	Total
	€'000	€'000	€'000	€'000	€'000
Cost / valuation					
Balance at 1 January 2019	1,449,814	303,222	2,861	60,209	1,816,106
Revaluation	7,000	-	-	-	7,000
Additions	2,475	6,315	144	11,277	20,211
Reallocations	1,985	6,082	23	(8,090)	-
Disposals	(85)	(4,354)	(63)	(738)	(5,240)
Deconsolidation of a subsidiary (Note 35)	(57,039)	(6,715)	(81)	(1,070)	(64,905)
Exchange differences	41,234	7,931	32	1,528	50,725
Balance at 31 December 2019	1,445,384	312,481	2,916	63,116	1,823,897
Balance at 1 January 2020	1,445,384	312,481	2,916	63,116	1,823,897
Additions	6,223	5,522	10	2,899	14,654
Reallocations	680	1,078	-	(1,758)	-
Disposals	(587)	(8,511)	(23)	(487)	(9,608)
Write-off	-	-	-	(2,925)	(2,925)
Exchange differences	(60,091)	(10,851)	(46)	(282)	(71,270)
Balance at 31 December 2020	**1,391,609**	**299,719**	**2,857**	**60,563**	**1,754,748**
Depreciation and impairment charges					
Balance at 1 January 2019	324,524	237,677	2,521	-	564,722
Depreciation for the year	18,371	20,240	78	-	38,689
Net impairment losses	-	1,320	-	-	1,320
Disposals	(85)	(3,794)	(18)	-	(3,897)
Deconsolidation of a subsidiary (Note 35)	(21,591)	(6,438)	(81)	-	(28,110)
Exchange differences	4,994	6,450	23	-	11,467
Balance at 31 December 2019	326,213	255,455	2,523	-	584,191
Balance at 1 January 2020	326,213	255,455	2,523	-	584,191
Depreciation for the year	16,531	18,533	148	-	35,212
Net impairment losses	10,246	-	-	-	10,246
Disposals	(586)	(8,510)	(22)	-	(9,118)
Exchange differences	(10,080)	(9,477)	(43)	-	(19,600)
Balance at 31 December 2020	**342,324**	**256,001**	**2,606**	**-**	**600,931**
Carrying amounts					
At 1 January 2019	1,125,290	65,545	340	60,209	1,251,384
At 31 December 2019	1,119,171	57,026	393	63,116	1,239,706
At 31 December 2020	**1,049,285**	**43,718**	**251**	**60,563**	**1,153,817**

13. Property, plant and equipment - continued

Impairment losses during 2020 in respect of the Group's properties, amounting to €10.25 million have been recognised within other comprehensive income to reverse previously recognised revaluation reserves. These impairments relate mainly to the Corinthia Hotel Budapest and the Corinthia Hotel London. In 2019, a revaluation surplus of €7.00 million in respect of the Groups' properties was recognised within other comprehensive income. A write-off of €2.90 million with regards to the work in progress on the Hotel Astoria was recognised in profit or loss within other losses arising on property, plant and equipment during 2020.

	The Company			
	Land and buildings €'000	**Plant and Equipment €'000**	**Motor vehicles €'000**	**Total €'000**
Cost/Valuation				
Balance at 1 January 2019	968	8,187	1,343	10,498
Additions	-	12	-	12
Balance at 31 December 2019	968	8,199	1,343	10,510
Balance at 1 January 2020	968	8,199	1,343	10,510
Additions	-	1	-	1
Exchange differences	-	-	(2)	(2)
Balance at 31 December 2020	**968**	**8,200**	**1,341**	**10,509**
Depreciation and impairment charges				
Balance at 1 January 2019	842	8,171	1,337	10,350
Depreciation for the year	1	5	5	11
Balance at 31 December 2019	843	8,176	1,342	10,361
Balance at 1 January 2020	843	8,176	1,342	10,361
Depreciation for the year	1	6	3	10
Exchange differences	2	-	(4)	(2)
Balance at 31 December 2020	**846**	**8,182**	**1,341**	**10,369**
Carrying amounts				
At 1 January 2019	126	16	6	148
At 31 December 2019	125	23	1	149
At 31 December 2020	**122**	**18**	**-**	**140**

13.1 Fair valuation of property

The disclosure below, including the sensitivities to shifts in unobservable fair value inputs, reflects the events and circumstances existent as at 31 December 2020, and do not take into account the events that occurred after the end of the reporting period.

13. Property, plant and equipment - continued

13.1 Fair valuation of property - continued

In 2020, the Directors appointed independent professionally qualified property valuers to determine, whether adjustments were deemed necessary as at 31 December 2020, taking cognisance of developments that occurred during the current financial year. As at 31 December 2020, an assessment was carried out for those properties measured at fair value in accordance with the revaluation model under IAS 16, to determine whether a material shift in fair value had occurred.

The revaluations in 2019 were made by the directors, assisted, where applicable, by independent professionally qualified property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued.

Where a valuation resulted in an amount that was significantly different than the carrying amount of the respective property, the book value of the property was adjusted as at the respective year end date, as the directors had reviewed the carrying amount of the properties on the basis of assessments by the property valuers.

The Group's investments properties are measured at fair value under the IAS 40 fair value model and are fair valued annually (refer to Note 12).

The book value of the Group's properties has been adjusted as at 31 December 2020 on the basis of the valuations by the property valuers. The resultant shift in value, net of applicable deferred taxes, has been reflected within the revaluation reserve in shareholders' equity (Note 24) or in profit or loss in accordance with the Group's accounting policy. Adjustments to the carrying amounts of the property have been disclosed within this note.

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's land and buildings, within property, plant and equipment, consists principally of hotel properties that are owned and managed by companies forming part of the Group. The Group's investment property comprises property that is held for long-term rental yields or for capital appreciation or both. The main properties are the Commercial Centre in St Petersburg, the Commercial Centre in Tripoli, a site forming part of the grounds of the Corinthia Hotel in Tripoli, an apartment block in Lisbon and a high-end apartment in London (Note 12). All the recurring property fair value measurements as at 31 December 2020 and 2019 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

13. Property, plant and equipment - continued

13.1 Fair valuation of property - continued

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial years, is reflected in the table above and in Note 12 for investment property.

Valuation processes

The valuations of the properties are performed regularly for property, plant and equipment and annually for investment property on the basis of valuation reports prepared by third party qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the respective subsidiary's financial systems and is subject to the subsidiary's overall control environment; and
- assumptions and valuation models used by the valuers; with assumptions being typically market related and based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by designated officers within the Group. This includes a review of fair value movements over the period. When the designated officers consider that the valuation report is appropriate, the valuation report is recommended to the Audit Committee and Board of Directors. The Committee and Board then consider the valuation report as part of their overall responsibilities.

At the end of every reporting period, the designated officers within the Group assess whether any significant changes on the developments have been experienced since the last annual valuation of property, plant and equipment. This is usually supported by an assessment performed by an independent firm of property valuers. The designated officers report to the Audit Committee on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property as at 31 December 2020 and 2019, have been performed using a multi-criteria approach, with every property being valued utilising the valuation technique considered by the external valuer to be the most appropriate for the respective property.

In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals in the respective market in which the properties are located, the valuations have been performed using unobservable inputs. The significant inputs to the approaches used are generally those described below:

- Income capitalisation or discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

13. **Property, plant and equipment** - continued

13.1 **Fair valuation of property** - continued

Valuation techniques – continued

Earnings before interest, taxes, depreciation and amortisation (EBITDA)	based on projected income streams less operating expenditure necessary to operate the property, but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of EBITDA levels, mainly determined by projected growth in income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

- Adjusted sales comparison approach: a sales price per square metre related to transactions in comparable properties located in proximity to the respective property, with significant adjustments for differences in the size, age, exact location and condition of the property.

The table below include information about fair value measurements of hotel properties (classified within property, plant and equipment) and investment properties using significant unobservable inputs (Level 3). For hotel properties, where, following management's assessment or an independent valuation, the fair value of the respective property did not differ materially from its carrying amount as at year-end, the fair value inputs disclosed for that respective property are those that were used in the last valuation that gave rise to a revaluation.

13. **Property, plant and equipment** - continued

13.1 **Fair valuation of property** – continued

Valuation techniques - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2020 and 2019 in respect of the key properties:

Description by class based on highest and best use	Fair value at 31 Dec 2020 €'000	Fair value at 31 Dec 2019 €'000	Significant unobservable inputs — Valuation technique - Income capitalisation approach (DCF): Evolution of EBITDA over initial projected five-year period 2020	Evolution of EBITDA over initial projected five-year period 2019	Pre-tax rate (WACC) 2020 %	Pre-tax rate (WACC) 2019 %	Growth rate 2020 %	Growth rate 2019 %	Capitalisation rate 2020 %	Capitalisation rate 2019 %
Current use as hotel properties (classified as property, plant and equipment):										
Corinthia Hotel & SPA Lisbon **(a)**	**115,048**	116,943	***FY21-FY25*** **€1.93m - €13.43m**	*FY19-FY23* €8.20m - €10.70m	**9.65**	7.66	**2.00**	2.00	**7.65**	5.66
Corinthia Hotel Prague	**92,636**	93,552	***FY21-FY25*** **€1.61m - €7.65m**	*FY20-FY24* €5.50m - €6.80m	**8.50**	7.34	**2.00**	2.00	**6.50**	5.4
Marina Hotel, St. George's Bay, Malta **(c)**	**29,385**	29,918	***FY21-FY25*** **€0.55m - €3.37m**	*FY17-FY21* €2.90m - €3.10m	**10.52**	10.41	**2.00**	1.80	**8.52**	8.61
Corinthia Hotel, St. George's Bay, Malta **(c)**	**37,819**	38,498	***FY21-FY25*** **€0.45m - €5.30m**	*FY17-FY21* €4.10m - €4.50m	**11.94**	9.55	**2.00**	1.80	**9.94**	7.75
Corinthia Hotel St Petersburg **(a)**	**66,934**	88,690	***FY21-FY25*** **RUB324.49m – RUB648.10m**	*FY19-FY23* RUB562.00m – RUB630.00m	**12.25**	12.25	**4.00**	4.00	**8.25**	8.25
Corinthia Hotel Tripoli **(b)**	**71,707**	74,106	***FY21-FY25*** **(€1.41m) - €7.53m**	*FY18-FY22* (€2.70m) - €9.70m	**12.2**	11.82	**2.00**	2.00	**10.20**	9.82
Radisson Blu Resort, Malta **(c)**	**35,536**	36,580	***FY21-FY25*** **€0.54m - €4.87m**	*FY17-FY21* €3.90m - €4.30m	**11.69**	11.15	**2.00**	1.80	**9.69**	9.35
Corinthia Hotel London **(b)**	**438,060**	485,509	***FY21-FY25*** **(£1.03m - £20.30m)**	*FY18-FY22* £19.20m - £25.70m	**7.00**	7.20	**3.00**	2.70	**4.00**	4.50

13. Property, plant and equipment - continued

13.1 Fair valuation of property – continued

Valuation techniques - continued

Description by class based on highest and best use	Fair value at 31 Dec 2020 €'000	Fair value at 31 Dec 2019 €'000	Significant unobservable inputs – Valuation technique - Income capitalisation approach (DCF): Evolution of EBITDA over initial projected five-year period 2020	Evolution of EBITDA over initial projected five-year period 2019	Pre-tax rate (WACC) 2020 %	Pre-tax rate (WACC) 2019 %	Growth rate 2020 %	Growth rate 2019 %	Capitalisation rate 2020 %	Capitalisation rate 2019 %
Current use as hotel properties (classified as property, plant and equipment):										
Corinthia Palace Hotel and Spa, Malta **(b)**	**32,701**	30,925	***FY21-FY25*** **€0.12m - €2.82m**	*FY18-FY22* €1.20m - €3.30m	**9.27**	8.56	**2.00**	1.80	**7.27**	6.76
Aquincum Hotel Budapest	**27,858**	29,477	***FY21-FY25*** **(€0.10m) - €2.94m**	*FY20-FY24* €2.40m - €2.60m	**8.1**	6.24	**2.00**	2.00	**10.00**	4.40
Ramada Plaza Tunis	**15,882**	15,787	***FY21-FY25*** **€0.69m - €2.34m**	*FY20-FY24* €2.00m - €2.10m	**10.5**	11.07	**2.00**	2.00	**11.8**	9.07
Corinthia Hotel Budapest **(c)**	**116,727**	N/A	**FY21-FY25 €1.65m - €9.14m**	N/A	**8.48**	N/A	**2.00**	N/A	**6.48**	N/A

Description by class based on highest and best use	Fair value at 31 Dec 2020 €'000	Fair value at 31 Dec 2019 €'000	Valuation technique – Adjusted sales-comparison approach: Sales price per room 2020	Sales price per room 2019
Current use as hotel properties (classified as property, plant and equipment):				
Corinthia Hotel Budapest **(c)**	**N/A**	122,744	**N/A**	€1,769

13. Property, plant and equipment - continued

13.1 Fair valuation of property – continued

Valuation techniques - continued

Description by class based on highest and best use	Fair value at 31 Dec 2020 €'000	Fair value at 31 Dec 2019 €'000	Significant unobservable inputs Valuation technique - Income capitalisation approach (DCF) Evolution of EBITDA over initial projected five-year period 2020	Evolution of EBITDA over initial projected five-year period 2019	Pre-tax rate (WACC) 2020 %	Pre-tax rate (WACC) 2019 %	Growth rate 2020 %	Growth rate 2019 %	Capitalisation Rate 2020 %	Capitalisation Rate 2019 %
Current property for commercial use (classified as investment property):										
Commercial Centre in			***FY21-FY25***	*FY20-FY24*						
St Petersburg	**49,349**	64,829	**RUB302.17m – RUB429.22m**	RUB353.00m – RUB448.00m	**12.40**	11.80	**4.20**	3.00	**8.20**	8.80
Commercial Centre in			***FY21-FY25***	*FY20-FY24*						
Tripoli	**73,744**	73,743	**€6.63m - €7.86m**	€6.70m - €8.30m	**8.30**	12.00	**0.00**	3.00	**8.30**	9.00

Current property for commercial use (classified as investment property):	Fair value 2020 €'000	Fair value 2019 €'000	Valuation technique – Adjusted sales-comparison approach Sales price per square meter 2020	Sales price per square meter 2019
Apartment block in Lisbon	**3,168**	3,160	**€6,508**	€6,492
Site in Marsa	**9,633**	9,633	**€700**	€700
Site in Tripoli	**29,500**	29,500	**€2,300**	€2,300
Site in Czech Republic	**7,222**	7,453	**€88**	€91
London Apartment*	**35,594**	42,942	**£22,089**	£29,642

13. Property, plant and equipment - continued

13.1 Fair valuation of property - continued

In relation to the DCF approach, an increase in the projected level of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value. With respect to the adjusted sales comparison approach, the higher the sales price per square metre, the higher the resultant fair valuation.

The fair value inputs for those properties for which a revaluation was not recognised as at 31 December 2019 reflect the inputs used in the valuations as at:

(a) 31 December 2018;
(b) 31 December 2017; and
(c) 31 December 2016.

The Group experienced a significant movement in the carrying amount of the Corinthia Hotel St. Petersburg and Corinthia Hotel London during 2020 and 2019. The shift in the carrying amount of these properties is the result of translating these properties, which are denominated in RUB and GBP respectively (functional currency of the subsidiaries holding these properties), into the Group's presentation currency (EUR) at year end.

As evidenced in the tables above, the highest and best use of the Group properties is equivalent to their current use as at 31 December 2020.

As explained in Note 5 to the financial statements, the future performance of the Group's hotel and the Commercial Centre situated in Tripoli and the fair value of the related property assets are largely dependent on how soon the political situation in Libya will return to normality and on how quickly the international oil and gas industry recovers once political risks subside. In accordance with the fair valuations as at 31 December 2020 no further impairment charges were deemed necessary in these financial statements.

The sensitivity of the property valuations to possible shifts in key assumptions is illustrated in the table below:

	Shift in discount rate (+/-0.50%)		**Shift in cash flows (EBITDA) (+/-5.00%)**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Corinthia Hotel & Spa Lisbon	**+/- 10,295**	+/- 10,050	**+/- 7,666**	+/- 7,772
Corinthia Hotel Prague	**+- 8,716**	+- 8,168	**+/- 4,713**	+/- 4,729
Marina Hotel, St George's Bay, Malta	**+/- 3,287**	+/- 200	**+/- 2,065**	+/- 1,600
Corinthia Hotel, St George's Bay, Malta	**+/- 5,086**	+/- 250	**+/- 3,212**	+/- 2,000
Corinthia Hotel, St Petersburg	**+/- 1,312**	+/- 4,658	**+/- 1,360**	+/- 4,506
Corinthia Hotel Tripoli	**+/- 7,505**	+/- 3,625	**+/- 8,108**	+/- 3,863
Commercial Centre in St Petersburg	**+/- 1,322**	+/- 1,755	**+/- 1,512**	+/- 3,406
Commercial Centre in Tripoli	**+/- 4,717**	+/- 4,236	**+/- 4,153**	+/- 3,722
Radisson Blu Resort, Malta	**+/- 4,768**	+/- 250	**+/- 2,921**	+/- 2,000
Corinthia Hotel London	**+/- 18,581**	+/- 20,000	**+/- 22,088**	+/- 24,000
Corinthia Palace Hotel & Spa, Malta	**+/- 2,702**	+/- 1,974	**+/- 1,972**	+/- 1,544
Aquincum Hotel Budapest	**+/- 2,222**	+/- 5,463	**+/- 1,837**	+/- 2,726
Ramada Plaza Tunis Hotel	**+/- 1,371**	+/- 1,469	**+/- 1,173**	+/- 1,079
Corinthia Hotel Budapest	**+/- 11,102**	N/A	**+/- 7,657**	N/A

13. Property, plant and equipment - continued

13.2 Historic cost basis of properties

If the cost model had been used, the carrying amounts of the revalued properties would be €988.09 million (2019: €1,059.30 million). The revalued amounts include a revaluation surplus of €87.98 million after tax (2019: €93.10 million), which is not available for distribution to the shareholders of CPHCL.

13.3 Use as collateral

All tangible fixed assets owned by the Group, except for the BCM plant and underlying land in Benghasir, Libya, the land in Misurata, Libya, and the Konopiste property in the Czech Republic, are hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in Note 26.

14. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 12.

i. Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	The Group		**The Company**	
	31 December 2020 €'000	31 December 2019 €'000	**31 December 2020 €'000**	31 December 2019 €'000
Right-of-use assets				
Land and buildings	**13,783**	13,267	**17**	189
Plant and equipment	**823**	2,087	**-**	-
Motor vehicles	**482**	632	**19**	49
	15,088	15,986	**36**	238
Lease liabilities				
Current	**2,727**	3,149	**32**	208
Non-current	**13,474**	13,193	**6**	38
	16,201	16,342	**38**	246

Additions to the Group's and the Company's right-of-use assets during the 2020 financial year were €3.37 million (2019: €1.55 million) and nil (2019: €0.01 million) respectively.

14. Leases – continued

ii. Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	The Group		**The Company**	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	€'000	€'000	**€'000**	€'000
Depreciation charge of right-of-use assets				
Land and buildings	**2,485**	2,010	**172**	172
Plant and equipment	**251**	290	**-**	-
Motor vehicles	**218**	205	**30**	37
	2,954	2,505	**202**	209
Interest expense (included in finance cost)	**906**	855	**8**	18
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**445**	2,160	**-**	-
Expenses relating to short-term leases and low-value assets (included in net operating expenses)	**76**	274	**17**	30

The total cash outflow for leases in 2020 was €1.77 million (2019: €3.19 million) for the Group and €0.18 million (2019: €0.22 million) for the Company.

iii. The Group's leasing activities and how these are accounted for

The Group leases various offices, land, retail outlets, plant and equipment and motor vehicles. Emphyteutical grants from the government pertaining to land on which the Group's Malta hotel properties are built are typically made for fixed periods of up to 99 years. Other contracts are made for periods up to 12 years and may include extension options as described further below. The Company's leases pertain to offices used for administration purposes and motor vehicles, and are typically made for periods of up to 9 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees, and
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

14. Leases – continued

iii. The Group's leasing activities and how these are accounted for - continued

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and for other items specific to the leased asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use assets attributable to land and buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

iv. Variable lease payments

Variable payment terms are used for a variety of reasons including minimising the fixed costs base for newly established stores.

Some property leases contain variable payment terms that are linked to sales generated from retail stores, and which range from 7.00% to 23.50% of sales. An increase of €1.00 million in sales per store in the Group with such variable lease contracts would increase variable lease payments by approximately €0.20 million (17.00%).

Other property leases contain variable payment terms that are linked to sales generated from catering establishments. Variable payment on such leases range from 10.00% to 23.10% of sales. An increase of €1.00 million in sales per catering establishment in the Group with such variable lease contracts would increase total lease payments by approximately €0.20 million (15.00%).

The variable lease payments element amounts to €0.45 million for the year ended 31 December 2020 (2019: €2.20 million). Variable lease payments that depend on sales are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

14. Leases – continued

v. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of retail outlets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and motor vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

15. Investments in subsidiaries

The amounts stated in the statement of financial position of the Company are analysed as follows:

	2020	2019
	€'000	€'000
Equity in subsidiary companies (Note 15.2)	**352,270**	367,754
Loans to subsidiary companies (Note 15.2 and 15.4)	**7,525**	10,173
	359,795	377,927

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries

The Group had the following subsidiaries as at 31 December:

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	**%**	%	**%**	%
Quoted								
International Hotel Investments p.l.c. (IHI p.l.c.)	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**58**	58	**42**	42
Unquoted								
Afina Ag	c/o TreuhandBaar AG Mühlegasse 12a 6341 Baar	Investment company	**100**	100	**-**	-	**-**	-
Alfa Investimentos Turisticos Lda	Avenida Columbana Bordalo Pinheiro Lisboa 1099-031, Portugal	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Amber Hotels s.r.o.	Milevska 7, Prague 4 Czech Republic	Hotel owner and operator	**100**	100	**100**	100	**-**	-
Bay Point Hotel Limited	22, Europa Centre, Floriana, Malta.	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Bay Point Collection Limited	First Name House, Victoria Residence, Douglas, Isle of Man	Vacation ownership company	**58**	58	**-**	-	**42**	42

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Bay Point Properties Limited *	22, Europa Centre, Floriana, Malta.	Non-operating	**58**	58	**-**	-	**42**	42
Benghasir Concrete Manufacturing Joint Stock Company	Airport Highway Tripoli, Libya	Concrete manufacturer	**100**	100	**10**	10	**-**	-
Benghasir for Construction Company	Souk Al Thulatha Al Gadim Tripoli, Libya	Project management services	**90**	90	**-**	-	**10**	10
Catering Contractors Limited	22, Europa Centre, Floriana, Malta	Restaurant and catering services	**100**	100	**100**	100	**-**	-

* Bay Point Properties Limited was placed into liquidation on 30 November 2020 and is currently in dissolution.

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Catering Holdings Limited (merged with Corinthia Caterers Limited during 2019)	22, Europa Centre, Floriana, Malta	Retail catering and holding company	**-**	58	**-**	-	**-**	42
Catering Operations Limited (merged with Corinthia Caterers Limited during 2019)	22, Europa Centre, Floriana, Malta	Contract catering company	**-**	58	**-**	-	**-**	42
CaterMax Limited	22, Europa Centre, Floriana, Malta	Event catering	**58**	58	**-**	-	**42**	42
Comox Enterprises Limited	Agiou Nicolau, 41-49, Nimeli Court, Egkomi PC2408, Nicosia, Cyprus	Investment company	**100**	100	**100**	100	**-**	-

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Corinthia Caterers Limited	22, Europa Centre, Floriana, Malta	Event catering	**58**	58	**-**	-	**42**	42
Corinthia Company Limited	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**-**	-	**42**	42
Corinthia Construction (Overseas) Limited	22, Europa Centre, Floriana, Malta	Construction company	**100**	100	**100**	100	**-**	-
Corinthia Developments International Limited	22, Europa Centre, Floriana, Malta	Project management	**58**	58	**-**	-	**42**	42
Corinthia Finance p.l.c.	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Corinthia Holdings Overseas Limited	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Corinthia Hotels Limited	1, Europa Centre, Floriana, Malta	Hotel management company	**58**	58	**-**	-	**42**	42
Corinthia Hotels (UK) Limited	Corinthia Hotel London, Whitehall Place, London, SW1A 28D	Management consultancy services	**58**	58	**-**	-	**42**	42
Corinthia Investments Limited	1, Brentham House 43c High Street Hampton Wick, Kingston-Upon-Thames, Surrey, UK	Investment company	**100**	100	**100**	100	**-**	-
Corinthia (Malta) Staff Services Limited	22, Europa Centre, Floriana, Malta.	Holding and management company	**58**	58	**-**	-	**42**	42
Corinthia Palace Holdings Limited	22, Europa Centre, Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Corinthia Panorama s.r.o.	Milevska 7, Prague 4, Czech Republic	Hotel operator	**100**	100	**100**	100	**-**	-

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Corinthia Services Limited	34, Place de 7 November 1987 Tunis, Tunisia	Non-trading company	**100**	100	**100**	100	**-**	-
Corinthia Towers Tripoli Limited	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
Corinthia Tunisie sarl	Les Cotes de Carthage, Ghammarth, Tunisia	Non-trading company	**100**	100	**100**	100	**-**	-
Corinthia Turizm Yatirimlari ve Ticaret a.s.	Tayyareci Ethem Sokak No.24 Kat4 Daire 13, 80090 Gumussuyu Istanbul, Turkey	Hotel owner	**100**	100	**-**	-	**-**	-
CPHCL Investments Limited	22, Europa Centre Floriana, Malta	Investment company	**100**	100	**100**	100	**-**	-
Danish Bakery Limited	22, Europa Centre, Floriana, Malta	Bakery	**65**	65	**65**	65	**35**	35

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	**%**	%	**%**	%
D.X. Design Consultancy Ltd	22, Europa Centre, Floriana, Malta	Project management services	**58**	58	**-**	-	**42**	42
Five Star Hotels Limited	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
HNS Consultancy Services Limited	22, Europa Centre, Floriana, Malta	Consultancy services	**100**	100	**100**	100	**-**	-
Hotel Astoria SA	Rue Royal 103 1000 Brussels Belgium	Owner of site being developed into the Corinthia Brussels	**29**	29	**-**	-	**71**	71
House of Catering for Catering Services Co. Limited	Souk Al Thulatha Al Gadim Tripoli, Libya	Catering services	**100**	100	**10**	10	**-**	-
IHI Benelux B.V.	Kingsfordweg 151, 1043 GR, Amsterdam, The Netherlands	Hotel owner and operator	**58**	58	**-**	-	**42**	42

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
IHI Brussels Limited	22, Europa Centre Floriana Malta	Holding company of Hotel Astoria SA	**29**	29	**-**	-	**71**	71
IHI Holdings Limited	34, Kosti Palama, 1096, Aspelia Court, 4th Floor, Office D4, Nicosia, Cyprus	Investment company	**58**	58	**-**	-	**42**	42
IHI Hungary Zrt	Erzsebet Krt, 43-49, H -1073 Budapest, Hungary	Hotel owner	**58**	58	**-**	-	**42**	42
IHI Lisbon Limited	22, Europa Centre, Floriana, Malta	Investment company	**58**	58	**-**	-	**42**	42
IHI Malta Hotel Limited	22, Europa Centre, Floriana, Malta	Hotel owner	**58**	58	**-**	-	**42**	42
IHI St Petersburg LLC	57, Nevskij Prospect, St Petersburg 191025, Russian Federation	Investment company	**58**	58	**-**	-	**42**	42
IHI Towers s.r.o	Kongresova 1655/1 1406/69 Praha 5 Czech Republic	Hotel owner and operator	**58**	58	**-**	-	**42**	42

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
IHI Zagreb d.d.	Centar Kaptol, Nova Kes 11, 10000 Zagreb, Croatia	Investment company	**58**	58	**-**	-	**42**	42
Internasyonal Turizm ve Otelcilik a.s.	Osmanli Sokok No.24 Kat 4 Daire 13 80090 Gumussuyu Istanbul, Turkey	Hotel owner	**100**	100	**-**	-	**-**	-
International Operating and Managing Facilities Establishments Limited	Souk Al Thulatha Al Gadim Tripoli, Libya	Building and facilities management services	**100**	100	**10**	10	**-**	-

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries -- continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	%	%	%	%
Island Resorts International Limited	First Name House, Victoria Residence, Douglas, Ise of Man	Investment company	**58**	58	**-**	-	**42**	42
Konopiste Property Holding s.r.o.	Milevska 1695/7 Prague 4 Czech Republic	Hotel owner	**100**	100	**100**	100	**-**	-
Libya Holding Development Investments J.S.C.	Benghazi, Libya	Hotel owner	**32**	32	**-**	-	**68**	68
Malta Fairs and Conventions Centre Limited (MFCC Limited)	Millenium Stand, Level 1, National Stadium, Ta' Qali, Attard	Trade conference and leisure conventions	**100**	100	**-**	-	**-**	-
Marina San Gorg Limited	22, Europa Centre, Floriana, Malta	Hotel owner and operator	**58**	58	**-**	-	**42**	42
Marsa Investments Limited	22, Europa Centre, Floriana, Malta	Investment property and hotel operator	**100**	100	**100**	100	**-**	-
Misurata Holdings Limited	22, Europa Centre, Floriana, Malta	Non-trading company	**100**	100	**100**	100	**-**	-

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	**%**	%	**%**	%
NLI Finance Limited	CTV House La Pouquelaye St Helier Jersey	Provision of finance to companies within the NLI Holdings Limited group structure.	**29**	29	**-**	-	**71**	71
NLI Holding Limited	CTV House La Pouquelaye St Helier Jersey	Parent company of a group that owns and operates the Corinthia Hotel London and 10 Whitehall Place in London, UK	**29**	29	**-**	-	**71**	71
NLI Hotels Limited	CTV House La Pouquelaye St Helier Jersey	Owns the Corinthia Hotel London, UK	**29**	29	**-**	-	**71**	71
NLI Operator Limited	Corinthia Hotel London, Whitehall Place, London, SW1A 28D	Operates Corinthia Hotel London, a five-star luxury hotel	**29**	29	**-**	-	**71**	71
NLI Penthouse Limited	CTV House La Pouquelaye St Helier Jersey	Owns apartment 12, 10 Whitehall Place	**29**	29	**-**	-	**71**	71

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	**Registered office**	**Nature of business**	**Percentage of ownership and voting rights held directly by the Group**		**Percentage of ownership and voting rights held directly by the Company**		**Percentage of ownership and voting rights held by non-controlling interests**	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	**%**	%	**%**	%
Palm Waterfront Development Ltd	22, Europa Centre, Floriana, Malta	Non-trading company	**100**	100	**100**	100	**-**	-
QPM (UK) Limited **	The Corinthia Hotel London, Whitehall Place London, England	Project management services	**58**	58	**-**	-	**42**	42
QPM Africa Limited	22, Europa Centre, Floriana, Malta	Non-trading company	**58**	58	**-**	-	**42**	42
QPM Belgium SPRL	Avenue de Tervueren 168/18, 1150 Woluwe-Saint Pierre, Brussels, Belgium	Project and cost management and other ancillary services	**58**	58	**-**	-	**42**	42
QPM Limited	22, Europa Centre Floriana, Malta	Project management services	**58**	58	**-**	-	**42**	42
Rightstructures Limited	22, Europa Centre Floriana, Malta	Staging and special structures products	**100**	100	**-**	-	**-**	-
Societe De Promotion Hoteliere Khamsa	Les Cotes de Carthage Gammarth, Tunisia	Hotel owner and operator	**100**	100	**63**	63	**-**	-

** QPM (UK) Limited was placed into liquidation on 22 November 2020 and is currently in dissolution.

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

Subsidiary company	Registered office	Nature of business	Percentage of ownership and voting rights held directly by the Group		Percentage of ownership and voting rights held directly by the Company		Percentage of ownership and voting rights held by non-controlling interests	
			2020	2019	**2020**	2019	**2020**	2019
			%	%	**%**	%	**%**	%
Swan Laundry and Dry Cleaning Company Limited	22, Europa Centre, Floriana, Malta	Laundry company	**100**	100	**100**	100	**-**	-
The Coffee Company Malta Limited	22, Europa Centre, Floriana, Malta	Franchise retail catering company	**58**	58	**-**	-	**42**	42
The Coffee Company Spain S.L. ***	COSTA Diagonal, Avinguda Diagonal, 566, Barcelona 08021	Franchise retail catering company	**58**	58	**-**	-	**42**	42
The Heavenly Collection Limited	22, Europa Centre, Floriana, Malta.	Owner of tract land in Golden Bay	**58**	58	**-**	-	**42**	42
Thermal Hotel Aquincum Rt	Arpad Fejedelem Utja 94, H-1036 Budapest Hungary	Hotel owner and operator	**100**	100	**-**	-	**-**	-
Top Spirit a.s.	Milevska 7, 14063 Prague P.O. Box 41 Czech Republic	Investment company	**100**	100	**100**	100	**-**	-

*** The Coffee Company Spain S.L. was placed into liquidation on 31 January 2021 and is currently in dissolution.

15. Investments in subsidiaries - continued

15.1 Principal subsidiaries - continued

All subsidiary undertakings are included in the consolidation.

15.2 Exposure to subsidiary companies

	The Company
	€000
At 1 January 2019	372,533
Disposals	(4,052)
Other	(727)
At 31 December 2019	**367,754**
At 1 January 2020	367,754
Other	(15,484)
At 31 December 2020	**352,270**

In 2020 the Company reduced the carrying amount of Top Spirit a.s. by €15.48 million following a share capital reduction of €15.16 million and an impairment of €0.32 million.

During 2019, the Company disposed of its shareholding in Pankrac Property Holdings s.r.o. (PPH) for a consideration of €76.85 million. After deducting the investment cost of €3.53 million and transaction costs of €1.68 million, the company made a gain on disposal of €71.64 million. For cash flow purposes, out of the proceeds of €76.85 million, transaction costs of €1.68 million are deducted and the loan repayment by the Company to PPH amounting to €8.76 million was also netted off from the cash consideration.

In June 2019, the Company also disposed of its shareholding in Corinthia Caterers to its subsidiary company IHI p.l.c. for a consideration of €0.49 million. The Company made a loss of €1.36 million on this transaction after deducting the carrying amount of €0.52 million and forfeiting balances receivable of €1.33 million. The Company also sold the Catering Brand to its subsidiary company IHI p.l.c., at a consideration of €2.40 million. The value of the brand was never recognised in the records of CPHCL and hence a profit of €2.40 million was recorded as gain on sale of brand in the Company's income statement.

In 2019, the Company wrote off an amount of €0.56 million in relation to the conditional consideration it had recognised in its records in relation to the sale of QPM to its subsidiary company IHI p.l.c. on 30 June 2016.

In 2019, the Company had reduced the carrying amount of Amber Hotels s.r.o. by €0.73 million following a share capital reduction.

The Company effected additional advances to its subsidiaries which are considered to be a component of the long-term investment. The net advances amounted to €0.36 million (2019: €0.23 million) which principally relate to Corinthia Palace Holdings Limited (2019: €0.07 million to Corinthia Palace Holdings Limited, €0.06 million to Konopiste Property Holding s.r.o. and €0.10 million to HNS Consultancy Services Limited).

All investments were purchased by the Company at the nominal value of shares received i.e. at par, except for Corinthia Construction (Overseas) Limited which was acquired for €3.40 million.

15. Investments in subsidiaries – continued

15.3 Subsidiaries with material non-controlling interests

The Group includes two subsidiaries, Danish Bakery Limited and International Hotel Investments p.l.c. (IHI Group), with material non-controlling interests (NCI):

Name of subsidiary	Proportion of ownership interest and voting rights held by NCI		Profit allocated to NCI		Accumulated NCI	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**€'000**	€'000	**€'000**	€'000
Danish Bakery Limited	**35**	35	**221**	236	**1,209**	1,198
IHI Group (incl. NLI Group)	**42**	42	**(39,193)**	1,179	**421,693**	489,133

Dividends paid to NCI of Danish Bakery Limited amounted to €0.21 million (2019: €0.21 million) whilst dividends paid to NCI of International Hotel Investments p.l.c. was nil (2019: €12.25 million).

The total non-controlling interests as at 31 December 2020 is €422.90 million (2019: €490.33 million), of which €421.69 million (2019: €489.13 million) is attributable to the IHI Group and €1.21 million (2019: €1.20 million) is attributable to Danish Bakery Limited.

Summarised financial information for Danish Bakery Limited, the IHI Group (including the NLI Group), and separately, the NLI Group, before intragroup eliminations, is set out below:

	Danish Bakery Limited		**IHI Group** (including NLI Group)		**NLI Group**	
	2020	2019	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000	**€000**	€000
Non-current assets	**1,477**	1,843	**1,433,947**	1,545,603	**512,622**	564,206
Current assets	**3,409**	3,104	**110,152**	141,595	**30,666**	45,259
Total assets	**4,886**	4,947	**1,544,099**	1,687,198	**543,288**	609,465
Non-current liabilities	**-**	(29)	**(651,227)**	(665,268)	**(175,712)**	(183,820)
Current liabilities	**(1,367)**	(1,432)	**(119,695)**	(124,783)	**(28,909)**	(34,570)
Total liabilities	**(1,367)**	(1,461)	**(770,922)**	(790,051)	**(204,621)**	(218,390)
Equity attributable to owners of CPHCL	**2,287**	2,266	**447,051**	518,730	**98,213**	113,412
Non-controlling interests	**1,232**	1,220	**326,126**	378,417	**240,454**	277,663

15. Investments in subsidiaries - continued

15.3 Subsidiaries with material non-controlling interests – continued

	Danish Bakery Limited		**IHI Group** (including NLI Group)		**NLI Group**	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Revenue	**5,506**	6,367	**91,909**	268,286	**24,396**	75,896
(Loss)/profit for the year attributable to owners of the parent	**411**	437	**(36,456)**	3,940	**(7,307)**	(983)
(Loss)/profit for the year attributable to NCI	**221**	236	**(39,193)**	1,179	**(17,890)**	(2,408)
(Loss)/profit for the year	**632**	673	**(75,649)**	5,119	**(25,197)**	(3,391)
Other comprehensive income attributable to owners of the parent	**-**	-	**(20,073)**	13,374	**(7,891)**	6,177
Other comprehensive income attributable to NCI	**-**	-	**(28,249)**	20,407	**(19,319)**	15,124
Other comprehensive income for the year	**-**	-	**(48,322)**	33,781	**(27,210)**	21,301
Total comprehensive income for the year attributable to owners of the parent	**411**	437	**(56,529)**	17,314	**(15,198)**	5,194
Total comprehensive income for the year attributable to NCI	**221**	236	**(67,442)**	21,586	**(37,209)**	12,716
Total comprehensive income for the year	**632**	673	**(123,971)**	38,900	**(52,407)**	17,910

15. Investments in subsidiaries – continued

15.3 Subsidiaries with material non-controlling interests – continued

	Danish Bakery Limited		IHI Group (including NLI Group)		NLI Group	
	2020	2019	**2020**	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Net cash (used in)/generated from operating activities	**1,119**	1,102	**(2,965)**	62,850	**179**	12,782
Net cash (used in)/generated from investing activities	**(196)**	(260)	**(11,709)**	(22,442)	**2,802**	(8,470)
Net cash used in financing activities	**(600)**	(600)	**(14,860)**	(21,587)	**(5,101)**	(6,276)
Net cash inflow/(outflow)	**323**	242	**(29,534)**	18,821	**(2,120)**	(1,964)

15.4 Impairment and credit loss allowances

The carrying amount of the investment and loan in/to Corinthia Tunisie Sarl, Catering Contractors Limited, Corinthia Holdings Overseas Limited, Corinthia Palace Holdings Limited and Societe de Promotion Hoteliere Khamsa had been impaired in prior years. Further credit loss allowances on the loan to Corinthia Palace Holdings Limited amounting to €0.36 million, the loan to Corinthia Holdings Overseas Limited amounting to €2.26 million and the loan to HNS Consultancy Services Limited amounting to €0.42 million, were accounted for during the year following an assessment carried out in line with the requirements of IFRS 9 – Financial Instruments (2019: €2.77 million). There has been no impairment in the carrying values of other investments.

16. Other investments

16.1 Investments accounted for using the equity method - Group

The amounts recognised in the consolidated statement of financial position are as follows:

	The Group	
	2020	2019
	€'000	€'000
Associates (Note 16.3)	**109,989**	99,171
Joint ventures (Note 16.4)	**20,646**	28,354
At 31 December	**130,635**	127,525

16. **Other investments** - continued

16.1 **Investments accounted for using the equity method – Group** - continued

The amounts recognised in the consolidated income statement are as follows:

	The Group	
	2020	2019
	€'000	€'000
Associates (Note 16.3.1)	**11,566**	7,184
Joint ventures (Note 16.4.1)	**(2,452)**	(3,802)
For the year ended 31 December	**9,114**	3,382

The amounts recognised in the consolidated other comprehensive income are as follows:

	The Group	
	2020	2019
	€'000	€'000
Associates (Note 16.3.1)	**(786)**	302
Joint ventures (Note 16.4.1)	**-**	(4,516)
For the year ended 31 December	**(786)**	(4,214)

16.2 **Investments in associates - Company**

The amounts recognised in the Company's statement of financial position are as follows:

	The Company	
	2020	2019
	€'000	€'000
Associates - at 31 December (Note 16.3)	**26,604**	26,604

16.3 **Investments in associates**

The amounts stated in the statement of financial position of the Group and Company are analysed as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Equity in associate companies (Note 16.3.1)	**104,215**	93,397	**24,002**	24,002
Loans to associate companies	**5,774**	5,774	**2,602**	2,602
	109,989	99,171	**26,604**	26,604

16. **Other investments** – continued

16.3 **Investments in associates** - continued

16.3.1 Equity in associate companies

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
At 1 January	**93,397**	85,863	**24,002**	24,002
Additions	**-**	24	**-**	-
Share of results	**11,566**	7,184	**-**	-
Share of other comprehensive income	**(786)**	302	**-**	-
Exchange differences	**38**	21	**-**	-
Other movements	**-**	3	**-**	-
At 31 December	**104,215**	93,397	**24,002**	24,002

Set out below are the associates of the Group as at 31 December 2020 and 31 December 2019. The associates listed below have share capital consisting solely of ordinary shares.

16. Other investments – continued

16.3 Investments in associates – continued

16.3.1 Equity in associate companies - continued

Company name	**Registered office**	**Nature of business**	**% of ownership interest held by The Group 2020 %**	**The Group 2019 %**	**The Company 2020 %**	**The Company 2019 %**
Atkins Travel Limited	Towngate House, 2, Parkstone Road, Poole, Dorset BH15 2PJ United Kingdom	Tour operator	**43**	43	**-**	-
B.C.W. Limited	3, Princess Elizabeth Terrace, Ta' Xbiex, Malta	Non-trading	**33**	33	**33**	33
Café Jubilee Zrt	1055 Budapest, Szent Istvan krt. 13, Hungary	Non-trading	**50**	50	**50**	50
Crust Foods Limited	22, Europa Centre, Floriana Malta	Restaurant and café	**26**	26	**-**	-
Medina Tower J.S.C.	Suite 107, Tower 2, Level 10 Burj Al Fateh, Tripoli, Libya	Owns the Medina Tower Project	**27**	27	**-**	-
Mediterranean Investments Holding p.l.c.	22, Europa Centre, Floriana, Malta	Investment company	**50**	50	**50**	50
Palm City Limited	22, Europa Centre, Floriana, Malta	Property development and operator	**50**	50	**-**	-
Palm Waterfront Limited	22, Europa Centre, Floriana, Malta	Property development and operator	**50**	50	**-**	-
Scalotel-Sociedade Escalabitana Hoteleira s.a.	Avenida Madre Andaluz Freguesia de Marvila, Cancelho de Santarem, Portugal	Hotel owner	**41**	41	**-**	-

All associates except for Mediterranean Investments Holding p.l.c. are private companies. There is no quoted market price available for the shares of all associates.

The directors consider Medina Tower J.S.C. and Mediterranean Investments Holding p.l.c. to be material associates of the Group.

16. Other investments – continued

16.3 Investments in associates – continued

16.3.2 Summarised financial information for material associates

Summarised financial information of the material associates is included in the table below:

	Medina Tower J.S.C	
	2020	2019
	€'000	€'000
Non-current assets	**41,275**	43,330
Current assets	**8,052**	8,053
Total assets	**49,327**	51,383
Current liabilities	**584**	223
Total liabilities	**584**	223
Profit/(loss) for the year	**9**	(589)
Other comprehensive income	**(2,426)**	711
Total comprehensive income	**(2,417)**	122

Reconciliation of summarised financial information

Reconciliation of the summarised information presented to the carrying amount of its interest in the associate:

	Medina Tower J.S.C	
	2020	2019
	€'000	€'000
Opening net assets	**51,160**	51,038
Profit/(loss) for the year	**9**	(589)
Other comprehensive income	**(2,426)**	711
Closing net assets	**48,743**	51,160
Interest in associate (37.50%)*	**18,279**	19,185
Carrying value	**18,279**	19,185

*The Group's interest in Medina Tower J.S.C. as reflected in the Group's consolidated financial statements, is made up of a 25.00% shareholding held by IHI p.l.c. and another 25.00% shareholding held by Mediterranean Investment Holdings p.l.c. (MIH p.l.c.). Whereas the Group's interest in IHI p.l.c. amounts to 57.80%, its interest in MIH p.l.c. is 50.00% (accounted for using the equity method).

The Group's ultimate percentage ownership in Medina Tower J.S.C. is 27.00%.

16. Other investments - continued

16.3 Investments in associates - continued

16.3.2 Summarised financial information for material associates - continued

Reconciliation of summarised financial information - continued

	Mediterranean Investments Holdings p.l.c. Group	
	2020	2019
	€'000	€'000
Non-current assets	**294,283**	294,845
Current assets	**32,366**	20,347
Total assets	**326,649**	315,192
Non-current liabilities	**(108,783)**	(100,759)
Current liabilities	**(36,201)**	(46,951)
Total liabilities	**(144,984)**	(147,710)
Revenue	**25,595**	27,261
Profit for the year	**25,005**	14,532
Other comprehensive income	**(820)**	240
Total comprehensive income	**24,185**	14,772

Reconciliation of the summarised information presented to the carrying amount of its interest in the associate:

	Mediterranean Investments Holdings p.l.c. Group	
	2020	2019
	€'000	€'000
Opening net assets	**167,481**	152,709
Profit for the year	**25,005**	14,532
Other comprehensive income	**(820)**	240
Closing net assets	**191,666**	167,481
Interest in associate (50.00%)	**95,833**	83,741
Carrying value	**95,833**	83,741

Included in the above financial information is 25.00% share of the financial information attributable to Medina Tower J.S.C.

16. **Other investments** - continued

16.3 Investments in associates - continued

16.3.3 Summarised financial information of associate companies that are not individually material

	2020	2019
	€'000	€'000
(Loss)/profit for the year	**(1,434)**	94
Other comprehensive income	**231**	7
Total comprehensive income	**(1,203)**	101

16.4 Investments in joint ventures

The balance of the Group's investments in joint ventures at 31 December comprises the following:

	The Group	
	2020	2019
	€000	€000
Equity in joint ventures (Note 16.4.1)	**19,646**	27,354
Loan to joint ventures	**1,000**	1,000
At 31 December	**20,646**	28,354

16.4.1 Equity in joint ventures

	The Group	
	2020	2019
	€'000	€'000
At 1 January	**27,354**	35,430
Share of results	**(2,452)**	(3,802)
Share of other comprehensive income	**-**	(4,516)
Transfer to financial assets at fair value through profit or loss	**(5,460)**	-
Other movements	**204**	242
At 31 December	**19,646**	27,354

Set out below are the significant joint ventures of the Group as at 31 December 2020 and 31 December 2019. The joint ventures listed below have share capital consisting solely of ordinary shares, which are held by the Group through IHI p.l.c..

16. Other investments - continued

16.4 Investments in joint ventures - continued

16.4.1 Equity in joint ventures - continued

Company name	**Registered office**	**Nature of business**	**% of ownership interest held by the Group 2020**	2019
Azure Resorts Limited (in liquidation)	Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands	Vacation ownership selling agent	**29**	29
Azure Services Limited (in liquidation)	Level 1, LM Complex Brewery Street Mriehel, Malta	Marketing and promotional services	**29**	29
Azure Ultra Limited (in liquidation)	Level 1, LM Complex Brewery Street Mriehel, Malta	Luxury yacht leasing	**29**	29
Azure XP Limited (in liquidation)	Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands	Financing of vacation ownership	**29**	29
Brooksfield Overseas Limited (in liquidation)	Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands	Marketing and promotional services	**29**	29

16. Other investments - continued

16.4 Investments in joint ventures - continued

16.4.1 Equity in joint ventures - continued

Company name	Registered office	Nature of business	% of ownership interest held by the Group 2020	2019
Golden Sands Resort Limited	The Radisson SAS Golden Sands Resort & Spa Golden Bay I/o Mellieha, Malta	A five-star luxury hotel	**29**	29
Heathfield Overseas Limited (in liquidation)	Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands	Payment solutions	**29**	29
Medi International Limited	3 Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands	Internal financing	**29**	29
Catering Management Limited (formerly MKIC Limited)	22, Europa Centre Floriana Malta	Non-trading	**29**	29
Quality Catering & Retail Services Ltd	Miller House Airport Way Tarxien Road, Luqa, Malta	Catering company	**50**	50

16. Other investments - continued

16.4 Investments in joint ventures - continued

16.4.1 Equity in joint ventures - continued

All joint ventures are private companies and there is no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

The directors consider Golden Sands Resort Limited to constitute a material joint venture of the Group. The Group acquired the remaining 50% share in Golden Sands Resort Limited in 2021, as disclosed in Note 39.

Hotel and vacation ownership at Golden Sands Resort – Golden Sands Resort Group (GSR)

This joint venture includes the Group's investment in Golden Sands Resort Limited and Azure Resorts Group (made up of Azure Resorts Limited, Azure Services Limited, Azure Ultra Limited, Azure XP Limited, Heathfield Overseas Limited, Brooksfield Overseas Limited, Medi International Limited). Together these companies are engaged in the operation and management of a combined vacation ownership and hotel operation of "The Radisson SAS Golden Sands Resort and Spa", a 5-star resort situated in Golden Sands and which are collectively referred to as the Golden Sands Resort Group.

The Group's shares in Golden Sands Resort Limited have been pledged in favour of a credit institution in relation to banking facilities granted to the Group.

Azure Resorts Group

The Azure Resorts Group was placed into liquidation during the current year and subsequently an amount of €5.46 million representing the holding of the Group including the Group's share of losses amounting to €0.73 million was transferred to financial assets at fair value through profit or loss as disclosed in Note 20.

Currency translation differences amounting to €2.80 million relating to the Azure Resorts Group, previously recorded in translation reserves, were released to profit or loss as a result of the loss in joint control over the joint venture.

16. Other investments - continued

16.4 Investments in joint ventures - continued

16.4.2 Summarised financial information for material joint ventures

Summarised financial information of material joint ventures is set out below:

	Golden Sands Resort Group	
	2020	2019
	€'000	€'000
Non-current assets	**61,653**	63,761
Cash and cash equivalents	**90**	193
Other current assets	**1,778**	2,552
Total assets	**63,521**	66,506
Current financial liabilities (excluding trade and other payables and provisions)	**19,069**	14,310
Current liabilities	**23,333**	22,394
Non-current financial liabilities (excluding trade and other payables and provisions)	**4,956**	11,591
Non-current liabilities	**14,936**	15,679
Total liabilities	**38,269**	38,073

	Golden Sands Resort Group	
	2020	2019
	€'000	€'000
Revenue	**5,584**	17,828
EBITDA	**(1,163)**	2,681
Depreciation and amortisation	**(2,910)**	(3,439)
Interest income	**-**	65
Interest expense	**(672)**	(742)
Income tax credit	**1,564**	680
Loss for the year	**(3,181)**	(755)
Other comprehensive income	**-**	(9,100)
Total comprehensive income	**(3,181)**	(9,855)

16. Other investments - continued

16.4 Investments in joint ventures - continued

16.4.2 Summarised financial information for material joint ventures - continued

Reconciliation of the summarised information presented to the carrying amount of its interest in the joint venture:

	Golden Sands Resort	
	2020	2019
	€000	€000
Opening net assets	**29,623**	39,478
Loss for the year	**(3,181)**	(755)
Other comprehensive income	**-**	(9,100)
Closing net assets	**26,442**	29,623
Interest in joint venture (50.00%)	**13,221**	14,708
Goodwill	**6,456**	6,456
Carrying value	**19,677**	21,164

The summarised financial information for Azure Resorts Group has been excluded from the above table as the directors believe that, relative to the Group's total asset base, its carrying amount is not significant to warrant the disclosures detailing the composition of assets, liabilities and profit or loss, that would have otherwise been required by IFRS 12. The information required for individually immaterial associates is disclosed in its stead:

	Azure Resorts	
	2020	2019
	€000	€000
Loss for the period/year	**(733)**	(6,700)
Other comprehensive income	**-**	64
Total comprehensive income	**(733)**	(6,636)

The 2020 figures include the results up to 30 April 2020, when Azure Resorts Group was put into liquidation and the holding was reclassified from investments accounted for using the equity method to financial assets at fair value through profit and loss as disclosed in Note 20.

17. Other financial assets at amortised cost

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Non-current				
Loans to investee	**4,972**	-	**-**	-
Others	**133**	267	**-**	-
Total non-current loans receivable	**5,105**	267	**-**	-

The carrying amount of loans receivable is considered to be a reasonable approximation of fair value on the basis of discounted cash flows.

Information about the impairment of financial assets at amortised cost and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 37.

Terms

The Group's loans to investee comprising €4.90 million are unsecured, bear interest at 4% and are repayable not later than 10 June 2029.

The Group's loans to others €0.10 million are unsecured, bear interest at 5.00% and are repayable not later than May 2023.

18. Inventories

	The Group	
	2020	2019
	€'000	€'000
Food and beverages	**2,213**	3,394
Consumables and other	**9,433**	10,756
Goods held for resale	**619**	379
Loose tools	**791**	806
	13,056	15,335

19. Trade and other receivables

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Current				
Trade receivables	**16,327**	30,755	**-**	-
Credit loss allowances	**(7,308)**	(7,037)	**-**	-
	9,019	23,718	**-**	-
Amounts owed by:				
- Subsidiary companies	**-**	-	**7,552**	7,663
- Associate companies	**2,092**	5,532	**1,042**	1,007
- Joint ventures	**4,083**	-	**116**	-
- Related parties	**2,211**	-	**-**	-
Other receivables	**8,162**	7,704	**479**	405
Contract assets/accrued income	**1,600**	1,825	**40**	25
Financial assets	**27,167**	38,779	**9,229**	9,100
Prepayments	**3,517**	5,094	**5**	8
Total receivables – current	**30,684**	43,873	**9,234**	9,108

Amounts owed by related parties are unsecured, interest free and repayable on demand.

The carrying values of trade and other receivables are considered to be a reasonable approximation of fair value.

Information about the credit losses attributable to trade receivables and the Group's and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 37.

The Group's contract assets primarily comprise balances from services in relation to project management for which the Group would not yet have an unconditional right to receive payment.

20. Financial assets at fair value through profit or loss

<u>Classification of financial assets at fair value through profit or loss</u>

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI. As at 31 December 2020 and 2019, these include investments in funds and mutual funds whose instruments fail to meet the definition of equity from the issuer's perspective.

- Equity investments for which the Group has not elected to recognise fair value gains and losses through OCI.

20. Financial assets at fair value through profit or loss - continued

Classification of financial assets at fair value through profit or loss - continued

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Non-current assets				
Unlisted equity securities	**7,198**	8,401	**-**	-
Current assets				
Listed securities:				
Bond securities	**2,363**	1,164	**2,363**	1,160
Equity securities	**5,235**	4,641	**999**	-
Mutual funds	**6,201**	4,268	**1,191**	-
Total	**13,799**	10,073	**4,553**	1,160

In 2019, the Group acquired 10.00% of Global Hotel Alliance, and a 10.00% shareholding in Lizar Holdings Limited, a hotel and residential development in Moscow. In 2020, part of the investment in the residential development in Moscow was reclassified to financial assets at amortised cost following a capital restructuring exercise and after a formal agreement was entered with Lizar Holdings Limited (Note 17).

During the current year, the holding in Azure Resorts Group amounting to €5.46 million (including the Group's share of losses of €0.7 million incurred during the year), has been reclassified from investment accounted for using the equity method to financial assets at fair value through profit or loss in view that this has been put into liquidation on 27 April 2020. As at year end, the carrying amount of the investment held in Azure Resorts Group amounts to €3.99 million.

During the year, the Group recognised a fair value gain of €0.21 million (2019: €2.20 million), whilst the Company recognised a fair value gain of €0.09 million (2019: €1,000), in profit or loss on financial assets at fair value through profit or loss. The reduction in fair value gains on these financial assets was primarily due to a fair value loss incurred on the Group's investment in Azure Resorts Group amounting to €1.5 million.

21. Cash and cash equivalents

Cash and cash equivalents include the following components:

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Cash and bank balances:				
Current	**90,350**	125,749	**38,921**	46,590
Cash and cash equivalents in the statement of financial position	**90,350**	125,749	**38,921**	46,590
Bank overdrafts (Note 26)	**(10,487)**	(7,244)	**-**	-
Cash and cash equivalents	**79,863**	118,505	**38,921**	46,590

The Group's bank balances include amounts of €6.98 million (2019: €11.87 million) set aside for debt servicing requirements. At 31 December 2019, €2.20 million was also set aside for capital expenditure purposes.

22. Assets classified as held for sale

	The Group 2020 €'000	2019 €'000
Investment property	**930**	1,283
Total assets held for sale	**930**	1,283

The Group's assets held for sale are two 3-star hotel properties located in Bodrum, Turkey with a stock of 288 and 72 beds respectively, each operating in the hospitality sector. Both properties are not operated by the Group but leased out with an opt-out clause permitting their disposal before the expiry of the lease. Since these properties do not have the level of luxury of the other hotels operated by the Group, they have been put on the market and it is expected that they will be sold within the next 12 months.

23. Share capital

	The Group and the Company 2020 €'000	2019 €'000
Authorised, issued and fully paid		
20,000,000 ordinary shares at €1 each	**20,000**	20,000

23.1 Shareholder rights

Shareholders are entitled to vote at shareholders' meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank *pari passu* with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

24. Other reserves

The balance on other reserves, which is not available for distribution, represents profits not realised at balance sheet date including those arising from foreign exchange translations and revaluations of property, net of tax.

24. Other reserves - continued

The Group	**Translation reserves** €'000	**Revaluation reserve** €'000	**Other equity components** €'000	**Total** €'000
1 January 2020	46,367	93,130	12,846	152,343
Recognised in other comprehensive income:				
Net revaluation of properties	-	(4,147)	-	(4,147)
Exchange difference arising from translating foreign operations:				
- on net assets, excluding deferred tax	(24,482)	-	-	(24,482)
Share of other comprehensive income of associates and joint ventures:				
- Exchange difference arising from translating foreign operations	(761)	-	-	(761)
- Revaluation of properties	-	239	-	239
- Reclassification of currency translation reserve to profit and loss	1,620	-	-	1,620
Other	-	-	40	40
Recognised directly in equity:				
Reclassifications to retained earnings	-	(1,501)	-	(1,501)
Transfers between reserves	2,948	-	(2,948)	-
At 31 December 2020	**25,692**	**87,721**	**9,938**	**123,351**

The Group	**Translation reserves** €'000	**Revaluation reserve** €'000	**Other equity components** €'000	**Total** €'000
At 1 January 2019	34,152	117,771	12,844	164,767
Recognised in other comprehensive income:				
Net revaluation of properties	-	3,148	-	3,148
Exchange difference arising from translating foreign operations:				
- on net assets, excluding deferred tax	11,973	-	-	11,973
Share of other comprehensive income of associates and joint ventures:				
- Exchange difference arising from translating foreign operations	242	-	-	242
- Revaluation of properties	-	(2,630)	-	(2,630)
Other	-	263	2	265
Recognised directly in equity:				
Reclassifications to retained earnings	-	(25,422)	-	(25,422)
At 31 December 2019	**46,367**	**93,130**	**12,846**	**152,343**

24. Other reserves - continued

The Company	Translation reserves €'000	Revaluation reserve €'000	Total €'000
At 1 January and 31 December 2019	2,950	18,667	21,617
At 1 January 2020	2,950	18,667	21,617
Transfer to retained earnings	-	(18,667)	(18,667)
At 31 December 2020	**2,950**	**-**	**2,950**

25. Retained earnings

The result for the year has been transferred to retained earnings as set out in the statements of changes in equity.

26. Bank borrowings

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Bank overdrafts	**10,487**	7,244	**-**	-
Bank loans	**384,074**	383,861	**4,339**	4,596
	394,561	391,105	**4,339**	4,596
Comprising:				
Non-current bank borrowings				
Bank loans due within 2 - 5 years	**288,332**	266,058	**2,994**	3,306
Bank loans due later than 5 years	**75,885**	74,648	**128**	-
	364,217	340,706	**3,122**	3,306
Current bank borrowings				
Bank overdrafts	**10,487**	7,244	**-**	-
Bank loans due within 1 year	**19,857**	43,155	**1,217**	1,290
	30,344	50,399	**1,217**	1,290

Bank borrowings are subject to variable interest rates based on Euribor or other such bank base rates plus margins with a total weighted average interest rate of 2.82% per annum at 31 December 2020 (2019: 2.93% per annum).

These facilities are secured by general and special hypothecs on the Group's assets, privileges on certain assets and guarantees given by related parties, as well as pledges over the shares in subsidiaries and joint ventures.

The carrying amount of bank borrowings is considered a reasonable approximation of fair value based on discounted cash flows, taking cognisance of the variable interest nature of the borrowings.

27. Bonds

27.1 Bonds in issue

	The Group	
	2020	2019
	€'000	€'000
Redeemable bonds		
Bond 10	**19,938**	19,880
Bond 12	**9,953**	9,937
Bond 13	**44,497**	44,400
Bond 15	**34,750**	34,677
Bond 16	**39,577**	39,497
Bond 17	**54,516**	54,440
Bond 18	**59,346**	59,250
	262,577	262,081
Non-current	**242,639**	262,081
Current	**19,938**	-
	262,577	262,081

(i) The Group has the following bonds in issue:

	Issuing company	**Year of issue**	**Nominal amounts €'000**	**Rate of interest %**	**Maturity date**
Redeemable bonds					
Bond 10	IHI p.l.c.	2012	20,000	5.80	21 December 2021
Bond 12	IHI p.l.c.	2013	10,000	5.80	14 November 2023
Bond 13	IHI p.l.c.	2015	45,000	5.75	13 May 2025
Bond 15	IHI p.l.c.	2014	35,000	6.00	15 May 2024
Bond 16	Corinthia Finance p.l.c.	2016	40,000	4.25	12 April 2026
Bond 17	IHI p.l.c.	2016	55,000	4.00	29 July 2026
Bond 18	IHI p.l.c.	2016	60,000	4.00	20 December 2026

27. Bonds – continued

27.1 Bonds in issue – continued

In 2019, IHI p.l.c. issued a fungible bond of €20.00 million with the same repayment terms as Bond 18 and on the first interest payment date, it was merged with Bond 18 accordingly.

(ii) Interest

Interest is payable annually in arrears on the due date.

(iii) Security

The bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the issuing companies and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the issuing companies. The only exception is Bond 17 for €55.00 million which is secured by the Hotel property owned by IHI Hungary.

(iv) Sinking funds

The prospectus for Bond 10 provides for the setting up of a sinking fund administered by a trustee or a custodian to cover 50.00% of the repayment of the bonds on maturity. By 31 December 2020, the amount set aside for this purpose totalled €5.64 million. The corresponding figure for 2019 amounted to €3.80 million and included the sinking fund for Bond 11, which was redeemed during the current financial year.

(v) The carrying amount of the bonds is as follows:

	€'000
At 1 January 2019	249,383
Redemptions	(7,500)
Proceeds from issue	20,000
Issue costs	(313)
Amortisation of issue costs	511
At 31 December 2019	**262,081**
Amortisation of issue costs	496
At 31 December 2020	**262,577**

27. Bonds - continued

27.1 Bonds in issue - continued

The market price of bonds in issue as at year end is as follows:

	2020	2019
	€	€
Bond 10	**100.00**	101.50
Bond 12	**100.60**	108.50
Bond 13	**101.00**	106.50
Bond 15	**102.00**	106.30
Bond 16	**100.00**	103.04
Bond 17	**101.60**	103.00
Bond 18	**98.00**	101.00

27.2 Investments held by trustees

Investments held by trustees comprise the following:

The Group	**2020**	2019
	€'000	€'000
Cash at bank:		
- Interest-bearing bank accounts	**5,637**	3,820
	5,637	3,820

28. Other financial liabilities

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Shareholders' loans	**32,385**	32,054	**32,385**	32,054
Loans from subsidiaries	**-**	-	**70,417**	85,795
Others	**402**	-	**-**	-
	32,787	32,054	**102,802**	117,849
Non-current	**32,667**	32,054	**101,855**	116,902
Current	**120**	-	**947**	947
	32,787	32,054	**102,802**	117,849

The movements in the shareholders' loans represent the interest incurred thereon and repayments of €1.03 million.

The loans from subsidiaries decreased by €15.38 million. This movement represents a set-off of €15.16 million with Top Spirit a.s. and net payments of €0.19 million to Thermal Hotel Acquincum Rt.

28. Other financial liabilities – continued

As at 31 December 2020

€'000	Interest Rate	Repayable
The Group		
32,385	4.00%	After more than 1 year
120	8.70%	Within 1 year
282	8.70%	After more than 1 year
32,787		
The Company		
275	5.00%	Within 1 year
672	5.00%	Within 1 year
40,000	4.45%	12 April 2026
76	0.05% over 3-month Euribor	After more than 1 year
10,500	1.95% over 3-month Euribor	After more than 1 year
250	4.60%	After more than 1 year
18,644	2.55% over 3-month Euribor	After more than 1 year
32,385	4.00%	After more than 1 year
102,802		

As at 31 December 2019

€'000	Interest Rate	Repayable
The Group		
32,054	4.00%	After more than 1 year
32,054		
The Company		
275	5.00%	Within 1 year
672	5.00%	Within 1 year
40,000	4.45%	12 April 2026
15,665	0.05% over 3-month Euribor	After more than 1 year
10,101	1.95% over 3-month Euribor	After more than 1 year
249	4.60%	After more than 1 year
18,833	2.55% over 3-month Euribor	After more than 1 year
32,054	4.00%	After more than 1 year
117,849		

None of the loans are secured. The carrying amount of these borrowings is considered a reasonable approximation of fair value on the basis of discounted cash flows.

29. Indemnification liabilities

	The Company	
	2020	2019
	€'000	€'000
At 1 January	**23,396**	23,606
Change in fair value	**-**	(210)
At 31 December	**23,396**	23,396

In view of group tax relief provisions applicable in Malta any tax due by CPHCL on the transfer of the shares in IHI Towers s.r.o (IHIT) and Corinthia Towers Tripoli Limited (CTTL) to International Hotel Investments p.l.c. (IHI p.l.c.) effected in 2007 was deferred. This tax will only become due in the eventuality that IHI p.l.c. sells the shares in IHIT and/or CTTL and/or their underlying properties outside the Group. In accordance with the indemnity agreement prepared at the time of the acquisition, CPHCL has indemnified IHI p.l.c. for future tax the latter may incur should IHI p.l.c. sell the shares or the underlying properties outside the Group. This indemnity will be equivalent to the tax that will be due by IHI p.l.c. on the gain that was untaxed in the hands of CPHCL. The indemnity has no time limit and has a maximum value of €45.00 million.

As outlined above the indemnity agreement provides that in the event of a sale of the shares in IHIT and/or CTTL and/or their underlying properties outside the Group, CPHCL will be liable for the tax that will be due on the gain that was exempt in the hands of CPHCL at the time of the sale. Since it is certain that reimbursements will be paid by CPHCL if IHI p.l.c. settles the obligation, the reimbursements have been recognised and treated as separate liabilities.

On the sale of its shares in Marina San Gorg Limited (MSG) to IHI p.l.c. in 2013, CPHCL provided a tax indemnity to IHI p.l.c.. The sales contract was exempt from taxation on the basis that share capital of MSG was transferred rather than the hotel property. Should IHI p.l.c. dispose of the hotel property, it may become liable to tax that it would not have become liable to pay had CPHCL transferred the hotel property as opposed to the transfer of the issued share capital. The indemnity agreement provides that in this event, CPHCL will indemnify against any tax which IHI p.l.c. may incur or sustain up to a maximum of €4.80 million. The indemnity has expired on 13 February 2019.

On the sale of its shares in QPM Limited effected during the year ended 31 December 2016, CPHCL provided a tax indemnity to IHI p.l.c.. The sales contract was exempt from taxation on the basis that CPHCL and IHI p.l.c. form part of the same ultimate group for tax purposes. Should IHI p.l.c. dispose of the shares outside of the Group, it may become liable to tax that it would not have become liable to pay had CPHCL not been a related party. The indemnity was estimated to amount to €2.00 million and has been recognised as an indemnification liability representing the tax that will be due by IHI p.l.c. on the gain that was untaxed in the hands of CPHCL.

30. Deferred tax assets and liabilities

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period.

30. **Deferred tax assets and liabilities** - continued

The balance at 31 December represents temporary differences attributable to:

The Group	**Assets**		**Liabilities**		**Net**	
	2020	2019	**2020**	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Depreciation of property, plant and equipment	**-**	-	**(32,228)**	(33,885)	**(32,228)**	(33,885)
Fair valuation of land and building	**-**	-	**(71,255)**	(73,013)	**(71,255)**	(73,013)
Fair valuation of investment property	**-**	-	**(16,736)**	(18,285)	**(16,736)**	(18,285)
Intangible assets	**1,532**	6,195	**-**	-	**1,532**	6,195
Investments in associates	**101**	101	**-**	-	**101**	101
Unrelieved tax losses and unabsorbed capital allowances	**50,455**	35,126	**-**	-	**50,455**	35,126
Exchange differences	**255**	287	**-**	-	**255**	287
Credit loss allowances	**2,023**	1,915	**-**	-	**2,023**	1,915
Others	**250**	329	**-**	-	**250**	329
Tax assets/(liabilities) – before offsetting	**54,616**	43,953	**(120,219)**	(125,183)	**(65,603)**	(81,230)
Offset in the statement of financial position	**(22,172)**	(23,234)	**22,172**	23,234	**-**	-
Tax assets/(liabilities) – as presented in statement of financial position	**32,444**	20,719	**(98,047)**	(101,949)	**(65,603)**	(81,230)

30. Deferred tax assets and liabilities – continued

The Company

	Assets		**Liabilities**		**Net**	
	2020	2019	**2020**	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Unrelieved tax losses and unabsorbed capital allowances	**3,555**	3,555	**-**	-	**3,555**	3,555
Tax assets/(liabilities) - before offsetting	**3,555**	3,555	**-**	-	**3,555**	3,555
Tax assets/(liabilities) - as presented in statement of financial position	**3,555**	3,555	**-**	-	**3,555**	3,555

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period.

The movement on the Group's deferred tax assets and liabilities during the year, without taking into consideration offsetting of balances, is as follows:

The Group

	Balance 1.1.2020 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Currency translation differences €'000	Balance 31.12.2020 €'000
Property, plant and equipment	(106,897)	(1,235)	450	4,200	(103,482)
Investment property	(18,285)	196	-	1,353	(16,736)
Intangible assets	6,195	(4,663)	-	-	1,532
Investments in associates	101	-	-	-	101
Unrelieved tax losses and capital allowances	35,126	16,411	3,357	(4,439)	50,455
Exchange differences	287	(11)	-	(21)	255
Provision on trade receivables	1,915	108	-	-	2,023
Others	328	12	(18)	(73)	249
	(81,230)	**10,818**	**3,789**	**1,020**	**(65,603)**

30. Deferred tax assets and liabilities – continued

The Group

	Balance 1.1.2019 €'000	Recognised in profit or loss €'000	Recognised in other comprehensive income €'000	Disposal of Group Interests (Note 35) €'000	Balance 31.12.2019 €'000
Property, plant and equipment	(109,244)	153	(5,095)	7,289	(106,897)
Investment property	(17,079)	(498)	(708)	-	(18,285)
Intangible assets	6,195	-	-	-	6,195
Investments in associates	101	-	-	-	101
Unrelieved tax losses and capital allowances	34,137	989	-	-	35,126
Exchange differences	343	(56)	-	-	287
Provision on trade receivables	1,841	74	-	-	1,915
Others	304	(20)	44	-	328
	(83,402)	**642**	**(5,759)**	**7,289**	**(81,230)**

The movement on the Company's deferred tax assets and liabilities during the year, without taking into consideration offsetting of balances, is as follows:

The Company

	Balance 1.1.2020 €'000	Recognised in profit or loss €'000	Other movements €'000	Balance 31.12.2020 €'000
Unrelieved tax losses and unabsorbed capital allowances	3,555	-	-	3,555
	3,555	**-**	**-**	**3,555**

The Company

	Balance 1.1.2019 €'000	Recognised in profit or loss €'000	Other movements €'000	Balance 31.12.2019 €'000
Unrelieved tax losses and unabsorbed capital allowances	2,751	2,369	(1,565)	3,555
	2,751	**2,369**	**(1,565)**	**3,555**

30. Deferred tax assets and liabilities – continued

Unrecognised deferred tax assets

Deferred income taxes are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets of €13.75 million (2019: €13.17 million) in respect of losses amounting to €54.99 million (2019: €52.67 million) that can be carried forward against future taxable income.

The Group did not recognise deferred income tax assets of €22.40 million (2019: €21.24 million) in respect of losses amounting to €87.49 million (2019: €80.34 million) that can be carried forward against future taxable income.

31. Trade and other payables

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Non-current				
Other payables	**2,598**	3,993	**-**	-
Refundable lease deposits	**336**	-	**-**	-
Financial liabilities	**2,934**	3,993	**-**	-
Advance payments	**-**	483	**-**	-
Contract liabilities	**2,481**	2,475	**-**	-
Statutory liabilities	**293**	567	**-**	-
Total payables – non-current	**5,708**	7,518	**-**	-
Current				
Trade payables	**14,050**	21,810	**295**	139
Amounts owed to:				
Subsidiary companies	**-**	-	**9,943**	10,532
Associate companies	**245**	15	**-**	11
Joint ventures	**35**	250	**17**	-
Other related parties	**6,663**	7,620	**-**	-
Capital creditors	**907**	1,236	**-**	-
Other payables	**10,495**	8,728	**418**	449
Accrued expenses	**26,019**	28,602	**1,820**	1,226
Financial liabilities	**58,414**	68,261	**12,493**	12,357
Contract liabilities	**4,321**	6,302	**-**	-
Advance payments	**6,433**	4,870	**-**	-
Statutory liabilities	**7,599**	5,492	**86**	45
Total payables – current	**76,767**	84,925	**12,579**	12,402

Amounts owed to related parties are unsecured, interest free and repayable on demand.

The carrying amount of trade and other payables is considered a reasonable approximation of fair value.

Current contract liabilities mainly include advance deposits on hotel bookings and cash received for vouchers to be redeemed by customers in hotels. The revenue in relation to these amounts received in advance is recognised only when the Group satisfies its performance obligation (i.e. as the customer utilises their right to use the hotel room).

31. Trade and other payables - continued

Non-current contract liabilities emanate from a transaction in which the Group sold a block of serviced apartments but retained the obligation to maintain such apartments for the very long-term. The consideration that was paid by the buyer to the Group was partly allocated to the service element in the arrangement and will be recognised over the remaining number of years for which the obligation remains.

The aggregate transaction price allocated to this long-term arrangement amounted to £2.30 million, equivalent to €2.70 million (2019: £2.30 million, €2.70 million), of which £1.90 million, equivalent to €2.10 million (2019: £2.00 million, €2.40 million), remains unsatisfied as at year-end.

Revenue recognised during 2020 that was included in the contract liability balance at the beginning of the period amounted to €2.70 million.

32. Cash flow information

32.1 Adjustments

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Amortisation of intangible assets	**1,268**	1,355	**-**	-
Depreciation of property, plant and equipment	**35,212**	38,689	**10**	11
Depreciation of right-of-use assets	**2,954**	2,505	**202**	209
Gain on disposal of property, plant and equipment	**-**	(77)	**-**	-
Net impairment losses on property, plant and equipment	**2,925**	1,320	**-**	-
Finance lease concessions	**(1,333)**	-	**(41)**	-
Impairment losses on intangible assets	**-**	1,693	**-**	-
Impairment losses on investments	**-**	-	**3,715**	2,765
Fair value movements on investment properties	**6,196**	137	**-**	-
Share of results of associates and joint ventures	**(9,114)**	(3,382)	**-**	-
Movement in indemnification liabilities	**-**	-	**-**	(210)
Gain on sale of investment in subsidiary	**-**	(46,487)	**-**	(70,213)
Gain on sale of intangible asset	**-**	-	**-**	(2,400)
Fair value movement on financial assets at FVTPL	**(207)**	(2,204)	**(93)**	(1)
Net change in fair value of contingent consideration	**-**	(4,445)	**-**	563
Change in credit loss allowances on receivables	**191**	473	**-**	-
Amortisation of transaction costs	**1,111**	1,504	**84**	122
Interest income	**(1,082)**	(1,053)	**(219)**	(215)
Interest expense	**26,730**	25,379	**4,349**	4,807
Dividend income	**-**	-	**(896)**	(24,036)
Reclassification of currency translation reserve to profit and loss	**2,802**	-	**-**	-
Net exchange differences	**10,640**	(5,336)	**-**	-
	78,293	10,071	**7,111**	(88,598)

Significant non-cash transactions

The Company's significant non-cash transactions for 2020 relate to an amount of €15.16 million representing an offset against loan payable.

32. Cash flow information - continued

32.2 Reconciliation of financing assets and liabilities

The Group	Assets	Liabilities from financing activities				
	Assets placed under trust arrangement €'000	Bonds €'000	Bank loans €'000	Other borrowings €'000	Lease liabilities €'000	Total €'000
As at 1 January 2019						
- Principal	5,351	(249,383)	(394,517)	(25,170)	-	(663,719)
- Accrued interest	-	(5,639)	(256)	-	-	(5,895)
	5,351	(255,022)	(394,773)	(25,170)	-	(669,614)
Initial application of IFRS 16	-	-	-	-	(16,962)	(16,962)
Net Cash flow movements	(1,534)	400	16,409	16,929	3,192	35,396
Deconsolidation of subsidiaries	-	-	17,706	-	-	17,706
Foreign exchange differences	3	-	(5,336)	-	-	(5,333)
Currency translation differences	-	-	(16,196)	-	-	(16,196)
Other movements including interest	-	(12,758)	(12,621)	(23,813)	(2,573)	(51,765)
As at 31 December 2019	**3,820**	**(267,380)**	**(394,811)**	**(32,054)**	**(16,343)**	**(706,768)**
Comprising:						
- Principal	3,820	(262,081)	(394,517)	(32,054)	(16,343)	(701,175)
- Accrued interest	-	(5,299)	(294)	-	-	(5,593)
As at 31 December 2019	**3,820**	**(267,380)**	**(394,811)**	**(32,054)**	**(16,343)**	**(706,768)**
As at 1 January 2020						
- Principal	3,820	(262,081)	(394,517)	(32,054)	(16,343)	(701,175)
- Accrued interest	-	(5,299)	(294)	-	-	(5,593)
	3,820	(267,380)	(394,811)	(32,054)	(16,343)	(706,768)
Net Cash flow movements	1,817	12,728	1,749	265	1,768	18,327
Foreign exchange differences	-	-	22,641	-	-	22,641
Currency translation differences	-	-	(12,924)	-	-	(12,924)
Other movements including interest	-	(13,579)	(8,019)	(998)	(1,626)	(24,222)
As at 31 December 2020	**5,637**	**(268,231)**	**(391,364)**	**(32,787)**	**(16,201)**	**(702,946)**
Comprising:						
- Principal	5,637	(262,576)	(384,074)	(32,787)	(16,201)	(690,001)
- Accrued interest	-	(5,655)	(7,290)	-	-	(12,945)
As at 31 December 2020	**5,637**	**(268,231)**	**(391,364)**	**(32,787)**	**(16,201)**	**(702,946)**

32. **Cash flow information** - continued

32.2 Reconciliation of financing assets and liabilities

The Company	**Liabilities from financing activities**		
	Bank loans €'000	**Other borrowings €'000**	**Total €'000**
As at 1 January 2019			
- Principal	(5,787)	(135,142)	(140,929)
- Accrued interest	(49)	(1,688)	(1,737)
	(5,836)	(136,830)	(142,666)
Net cash flow movements	1,423	20,197	21,620
Set-offs	-	23,563	23,563
Other movements including interest	(222)	(26,357)	(26,579)
As At 31 December 2019	**(4,635)**	**(119,427)**	**(124,062)**
Comprising:			
- Principal	(4,596)	(118,094)	(122,690)
- Accrued interest	(39)	(1,333)	(1,372)
As At 31 December 2019	**(4,635)**	**(119,427)**	**(124,062)**
As at 1 January 2020			
- Principal	(4,596)	(118,094)	(122,690)
- Accrued interest	(39)	(1,333)	(1,372)
	(4,635)	(119,427)	(124,062)
Net cash flow movements	256	2,839	3,095
Set-offs	-	15,163	15,163
Other movements including interest	(137)	(2,741)	(2,878)
As at 31 December 2020	**(4,516)**	**(104,166)**	**(108,682)**
Comprising:			
- Principal	(4,338)	(102,878)	(107,216)
- Accrued interest	(178)	(1,288)	(1,466)
As at 31 December 2020	**(4,516)**	**(104,166)**	**(108,682)**

33. Commitments

Capital expenditure commitments at the end of the reporting period are as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Contracted for:				
Property, plant and equipment	**6,638**	3,538	**-**	-
Authorised but not yet contracted for:				
Property, plant and equipment	**109,149**	71,078	**-**	**-**
	115,787	74,616	**-**	**-**

34. Contingencies

A claim in relation to brokerage fees on the sale of Lisbon Hotel to IHI p.l.c. in 2000 amounting to €1.70 million is being made by an individual against 8 defendants including IHI p.l.c.. No provision has been made in these financial statements for this claim as the Company and the Group believe that they have a strong defence in respect of these claims.

A client has instituted proceedings against a subsidiary of IHI p.l.c. for damages sustained in relation to professional works. The Directors do not expect the cash outflow net of insurance recoveries to be material.

Additionally, the Group and the Company have the following guarantees:

The Group	**2020**	2019
	€'000	€'000
Guarantees given to secure bank facilities of associate companies	**2,764**	4,363
Guarantees given to secure bonds of associate company (MIH p.l.c.)	**60,000**	58,408
	62,764	62,771

The Company	**2020**	2019
	€'000	€'000
Guarantees given to secure bonds	**100,000**	98,408
Guarantees given to secure bank facilities for related companies	**15,553**	18,968
	115,553	117,376

35. Disposals of Group interests

Disposal of Pankrac Property Holdings s.r.o.

In 2019, the Group disposed of its shareholding in Pankrac Property Holdings s.r.o..

The table below analyses the gain of sale as presented in the Group's income statement:

	2019
	€'000
Consideration received:	
Consideration receivable – Gross	76,850
Transaction costs	(1,683)
Total disposal consideration – Net of transaction costs	75,167
Carrying amount of net assets sold	(28,613)
Gain on sale before reclassification of foreign currency translation reserve	**46,554**
Reclassification of foreign currency translation reserve	(67)
Net gain on sale	**46,487**

For cash flow purposes, out of the proceeds of €76.85 million, transactions costs were deducted and the loan repayment by the Company to Pankrac Property Holdings s.r.o. amounting to €8.76 million was also netted off from the cash consideration.

The carrying amounts of assets and liabilities as at the date of sale (22 August 2019) were:

	22 August 2019
	€'000
Property, plant and equipment	36,795
Investment property	5,666
Loan receivables	8,763
Trade and other receivables	250
Cash and bank balances	2,272
Total assets	53,746
Bank borrowings	(17,706)
Deferred tax liabilities	(7,288)
Current income tax	(139)
Total liabilities	**(25,133)**
Net assets	**28,613**

Disposal of Corinthia Caterers Limited and CaterMax Limited

In June 2019, the Company also disposed of its direct shareholding in Corinthia Caterers Limited and of its indirect shareholding in CaterMax Limited to its subsidiary company, IHI p.l.c.. Following this transaction, the effective interest held by the Group in these two subsidiaries decreased to 57.82%.

The Group recognised a decrease in non-controlling interests of €1.64 million and an increase in equity attributable to owners of the parent of €1.64 million. The transaction has been recorded directly in the statement of changes in equity as a transaction with non-controlling interests.

36. Related parties

All companies controlled, jointly controlled or significantly influenced by CPHCL are considered to be related parties. A list of these companies is included in Notes 15 and 16. Related parties also comprise the shareholders of CPHCL together with the Group companies' key management personnel.

Key management personnel include directors (executive and non-executive) and senior management members of both the Company and of all the group entities located in Malta and in various other countries. The compensation paid or payable to key management personnel for employee services is disclosed in Note 36.1.

None of the transactions with related parties incorporate special terms and conditions and, no guarantees were given or received. Transactions with related companies are generally effected on a cost-plus basis or on the basis of pre-agreed arrangements. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in Notes 15, 16, 19, 28 and 31.

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Revenue				
Services rendered to:				
Associates	**645**	583	**825**	828
Related companies	**190**	358	**490**	555
	835	941	**1,315**	1,383
Financing				
Interest income				
Associates	**148**	213	**139**	203
Interest expense				
Subsidiaries	**-**	-	**(2,564)**	(3,615)
Shareholders' loan	**(1,480)**	(813)	**(1,480)**	(813)
	(1,332)	(600)	**(3,905)**	(4,225)
Dividend income from Subsidiaries	**-**	-	**896**	24,036
Management fee	**-**	-	**(688)**	(1,100)

36.1 Transactions with key management personnel

In addition to the remuneration paid to the Directors included in Note 6.2, in the course of its operations the Group has a number of arrangements in place with its officers, executives and other related parties whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

In 2020, the total remuneration of the executive directors and the senior management members of both the Company and of all the group entities located in Malta and in various other countries amounted to €6 million (2019: €9.66 million).

37. Risk management objectives and policies

The Group is exposed to various risks through its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its head office, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The most significant financial risks to which the Group is exposed to are described below. See also Note 37.5 for a summary of the Group's financial assets and liabilities by category.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from related parties and customers. The Group's exposure to credit risk is measured by reference to the carrying amount of financial assets recognised at the statement of financial position date, as summarised below:

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Financial assets at amortised cost				
Trade and other receivables	**34,475**	46,083	**9,229**	9,100
Long term receivables from related parties and other investees	**11,879**	6,774	**25,971**	25,226
Cash at bank	**90,350**	125,749	**38,921**	46,590
Assets held by trustee placed under trust arrangement	**5,637**	3,820	**-**	-
Gross exposure	**142,341**	182,426	**74,121**	80,916
Credit loss allowances	**(7,307)**	(7,037)	**(15,844)**	(12,451)
Net exposure	**135,034**	175,389	**58,277**	68,465

The maximum exposure to credit risk at the end of the reporting period in respect of financial assets mentioned above is equivalent to their gross carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral in this respect.

37. Risk management objectives and policies - continued

37.1 Credit risk - continued

Risk management and security

The subsidiary companies within the Group have, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, owing to the spread of the Group's debtor base, there is no concentration of credit risk.

The Group has a credit policy in place under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are individually assessed. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are only made on a prepayment basis.

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for credit losses that represents its estimate of losses in respect of trade and other receivables.

The Company has a concentration of credit risk on its exposures to loans receivables from the subsidiaries. The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial positions, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default beyond amounts actually provided in respect of uncollectible amounts. Accordingly, credit risk with respect to these receivables is expected to be limited.

Impairment of financial assets

The Group and the Company have three types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets relating to the provision of services;
- other financial assets at amortised cost, comprising loans receivable from related parties and, in the case of the Company, subsidiary undertakings; and
- cash and cash equivalents.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets since they have substantially the same characteristics.

37. Risk management objectives and policies - continued

37.1 Credit risk - continued

Trade receivables and contract assets - continued

The expected loss rates are based on the payment profiles of sales over an appropriate period before 31 December 2020 and 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the movement in loss allowances identified as at 31 December 2020 and 31 December 2019 is deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Group's provisioning matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2020 and 31 December 2019.

The closing loss allowances for trade receivables and contract assets as at 31 December 2020 reconcile to the opening loss allowance as follows:

	The Group	
	2020	2019
	€'000	€'000
At 1 January	**7,037**	6,564
Written-off balances	**154**	(147)
Credit losses recognised	**185**	622
Credit losses reversed	**(42)**	(18)
Exchange differences	**(26)**	16
At 31 December	**7,308**	7,037

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to settlement after a number of attempts being made to collect past due debts; amounts deemed unrecoverable after a court ruling; and failure by the Group to provide original documentation in case of invoices contested by the customer.

Credit losses on trade receivables and contract assets are recognised with administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

The Company's other financial assets at amortised cost which are subject to IFRS 9's general impairment model include amounts due from subsidiaries and amounts due from other related parties.

37. Risk management objectives and policies - continued

37.1 Credit risk – continued

Other financial assets at amortised cost - continued

The closing loss allowance for amounts due from subsidiaries as at 31 December 2020 reconcile to the opening loss allowances as follows:

	The Company	
	2020	2019
	€'000	€'000
At 1 January 2020	**12,451**	9,632
Impairment losses recognised	**3,393**	2,765
Exchange differences	**-**	54
At 31 December	**15,844**	12,451

The Group and the Company monitor intra-group credit exposures at individual entity level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at year-end, based on the Directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, resulted in a further increase in provision of €3.39 million (2019: €2.77 million) for the Company.

Cash at bank

The Group's cash is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Financial assets at fair value through profit or loss

The Group and the Company are also directly and indirectly exposed to credit risk in relation to certain bond funds that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period amounts to €2.36 million (2019: €1.16 million), the carrying amount of these investments.

37.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions. Liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

37. Risk management objectives and policies - continued

37.2 Liquidity risk - continued

The Group actively manages its cash flow requirements. Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts, covering both Head Office corporate cash flows and all Group entities' cash flows. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters. Each subsidiary company within the Group updates its cash flow on a monthly basis. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financing or borrowing obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably forecasted.

The Group's liquidity risk is accordingly actively managed taking cognisance of the matching of operational cash inflows and outflows arising from expected maturities of financial instruments, attributable to the Group's different operations, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. During the year, the Group has been successful in securing €24.50 million banking facilities with local banks under the Malta Development Bank COVID-19 Guarantee Scheme for a five year term. The approved loans have not been fully drawn as at the date of approval of these financial statements, the undrawn portion amounting to €12 million, will be utilised during 2021. The Group also reviews periodically its presence in the local capital markets and considers actively the disposal of non-core assets to secure potential cash inflows constituting a buffer for liquidity management purposes.

At 31 December 2020 and 2019, the Group has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Group

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2020	€'000	€'000	€'000
Bank borrowings	42,842	330,321	98,795
Bonds	32,655	136,694	201,465
Other financial liabilities	156	5,511	33,681
Lease liabilities	3,278	6,737	33,604
Trade and other payables	61,942	2,934	-
	140,873	**482,197**	**367,545**

This compares to the maturity of the Group's financial liabilities including estimated interest payments in the previous reporting period as follows:

The Group

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2019	€'000	€'000	€'000
Bank borrowings	58,202	281,280	79,937
Bonds	12,707	111,767	214,643
Other financial liabilities	-	5,129	32,054
Lease liabilities	3,224	8,483	28,800
Trade and other payables	69,717	3,299	3,993
	143,850	**409,958**	**359,427**

37. Risk management objectives and policies - continued

37.2 Liquidity risk – continued

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

At 31 December 2020, the Company has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

The Company

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2020	€'000	€'000	€'000
Bank borrowings	1,373	3,165	132
Other financial liabilities	3,467	15,068	103,652
Lease liabilities	33	6	-
Trade and other payables	12,493	-	-
	17,366	**18,239**	**103,784**

This compares to the maturity of the Company's financial liabilities in the previous reporting period as follows:

The Company

	Current	Non-current	
	Within 1 year	**1-5 years**	**More than 5 years**
31 December 2019	€'000	€'000	€'000
Bank borrowings	1,451	3,391	123
Other financial liabilities	3,794	35,241	100,356
Lease liabilities	216	39	-
Trade and other payables	12,357	-	-
	17,818	**38,671**	**100,479**

37.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and market prices, will affect the Group's income or financial position. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily, from its operations in Russia (RUB), Hungary (HUF), Czech Republic (CZK), Tunisia (TND) and Libya (LYD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency, which would be considered a foreign currency from the entity's perspective.

The Group's main currency risk exposure reflecting the carrying amount of assets and liabilities denominated in foreign currencies at the end of the reporting period, analysed by the functional currency of the respective entity or entities, was as follows:

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

	2020 Functional Currency													
	EUR					RUB	STG	LYD	CZK	HUF	TND	SDG		TL
	GBP	HUF	LYD	CZK	SDG	EUR	EUR	EUR	EUR	EUR	EUR	USD	EUR	EUR
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group														
Financial assets:														
Loans	-	-	-	-	-	-	590	-	-	-	-	-	-	-
Trade receivables	-	56	1,309	89	-	-	-	-	-	25	129	399	1,699	-
Other receivables	-	235	5,860	117	-	-	596	-	-	18,702	-	-	-	-
Cash and cash equivalents	-	-	-	440	-	-	-	-	-	315	-	-	-	-
Financial liabilities:														
Bank borrowings	-	-	-	-	-	(46,018)	-	-	-	(9,533)	-	-	-	-
Other borrowings	-	-	-	(76)	-	-	-	-	-	-	-	-	-	-
Trade payables	-	(121)	(795)	(550)	-	-	-	-	-	-	(132)	-	-	-
Other payables	(1,261)	(2,036)	(2,928)	(1,676)	-	-	-	(279)	(2,932)	(1,100)	(6,097)	-	(2,287)	-
Net exposure	(1,261)	(1,866)	3,446	(1,656)	-	(46,018)	1,186	(279)	(2,932)	8,409	(6,100)	399	(588)	-

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

	2019 Functional Currency													
	EUR					RUB	STG	LYD	CZK	HUF	TND	SDG		TL
	GBP	HUF	LYD	CZK	SDG	EUR	EUR	EUR	EUR	EUR	EUR	USD	EUR	EUR
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Group														
Financial assets:														
Loans	-	-	-	-	-	-	533	-	-	-	-	-	-	-
Trade receivables	-	1,774	1,595	1,047	-	-	-	-	-	300	100	435	1,458	-
Other receivables	-	596	9,336	681	-	-	-	-	-	18,829	-	-	-	-
Cash and cash equivalents	-	-	-	1,530	-	-	-	-	-	315	-	-	-	50
Financial liabilities:														
Bank borrowings	-	-	-	-	-	(46,187)	-	-	-	(9,660)	-	-	-	-
Other borrowings	-	-	-	(15,665)	-	-	-	-	-	-	-	-	-	-
Trade payables	-	(770)	(1,137)	(1,340)	-	-	-	-	-	-	(100)	-	-	-
Other payables	(2,195)	(2,805)	(2,867)	(2,385)	-	-	-	(213)	(2,903)	(879)	(5,750)	-	(2,260)	-
Net exposure	(2,195)	(1,205)	6,927	(16,132)	-	(46,187)	533	(213)	(2,903)	8,905	(5,750)	435	(802)	50

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(i) Foreign currency risk – continued

Although the Group operates internationally most of the Group's entities have the euro as their functional currency. The main exceptions are IHI Benelux BV through its hotel in St Petersburg (Russian Rouble), NLI through its hotel in London (GBP), Thermal Hotel Aquincum through its hotel in Budapest (HUF), SPH Khamsa through its hotel in Tunis (TND), and Marsa Investments through its operation in Sudan (SDG).

The subsidiary that is most exposed to foreign currency risk is IHI Benelux which has the Russian Rouble as its functional currency. This risk results from the fact that its bank borrowings are denominated in euro while a portion of its revenues and costs are also denominated in euro. As at 31 December 2020, if the EUR had weakened/strengthened by 10.00% (2019: 10.00%) against the Rouble with all other variables remaining constant, the Group's post tax profit for the year would have been €5.11 million lower/€5.11 million higher (2019: €5.10 million lower/€5.10 million higher) as a result of foreign exchange losses/gains on translation of the euro denominated borrowings.

Additionally, IHI Benelux is also exposed to other financial liabilities and other payables due to Group companies which are eliminated on consolidation. These balances amounting to €54.00 million (2019: €54.10 million) and €15.50 million (2019: €13.80 million) respectively, are considered to be part of the Group's net investment in the foreign operation. Accordingly, any foreign exchange differences with respect to these balances, which at IHI Benelux standalone level are recognised in profit or loss, were reclassified to other comprehensive income on consolidation.

At 31 December 2020, if the euro had weakened/strengthened by 10.00% (2019: 10.00%) against the Rouble with all other variables held constant, the Group's equity would have been €7.86 million lower/€7.86 million higher (2019: €7.80 million lower/€7.80 million higher) as a result of foreign exchange losses/gains recognised in other comprehensive income on the translation of the euro denominated payables.

The Group has also two significant amounts in intra-group balances between the Parent Company and two of its subsidiaries in Hungary and in the Czech Republic that give rise to currency exposure risk on the movements of the HUF and the CZK. Although the above balances are eliminated on consolidation, the effect of movements in exchange rates are still recognised in the individual companies' and in the consolidated income statement. However, management does not deem a sensitivity analysis is required on these balances in view of the fact that the rates of these two currencies against the euro are relatively stable, while their settlement is at the discretion of the Company.

Apart from the above, management does not consider the foreign exchange risk attributable to other recognised assets and liabilities arising from transactions denominated in foreign currencies that are not the respective entities' functional currency to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group strives to manage its net exposure within acceptable parameters by buying or selling foreign currencies at spot rates, when necessary, to address short-term mismatches. Wherever possible, borrowings to fund certain operations are denominated in currencies that match the cash flows generated by the respective operations of the Group so as to provide an economic hedge.

37. Risk management objectives and policies - continued

37.3 Market risk - continued

(ii) Interest rate risk

The Group is exposed to changes in market interest rates principally through bank borrowings and related party loans taken out at variable interest rates. The interest rate profile of the Group's interest-bearing financial instruments at the reporting dates was as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
Fixed rate instruments	**€'000**	€'000	**€'000**	€'000
Financial assets:				
Assets placed under trust arrangement	**5,637**	3,820	**-**	-
Investments in bond securities	**2,363**	1,164	**2,363**	1,160
	8,000	4,984	**2,363**	1,160
Financial liabilities:				
Bonds	**(262,577)**	(262,081)	**-**	-
Other financial liabilities	**(32,787)**	(32,054)	**(73,582)**	(73,250)
	(295,364)	(294,135)	**(73,582)**	(73,250)
Variable rate instruments				
Financial liabilities:				
Bank borrowings	**(394,561)**	(391,105)	**(4,339)**	(4,596)
Other financial liabilities	**-**	-	**(29,220)**	(44,599)
	(394,561)	(391,105)	**(33,559)**	(49,195)

The Group manages its exposure to changes in cash flows in relation to interest rates on interest-bearing borrowings due by the parent company and its subsidiaries, by entering into financial arrangements that are based on fixed rates on interest whenever practicable. The Group is exposed to fair value interest rate risk on its financial assets and liabilities bearing fixed rates of interest, but substantially all these instruments are measured at amortised cost and accordingly a shift in interest rates would not have an impact on profit or loss or other comprehensive income.

The Group's and the Company's interest rate risk principally arises from bank borrowings issued at variable rates which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing and hedging techniques.

At 31 December 2020, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year for the Group would have been €3.97 million (2019: €3.86 million) lower/higher as a result of higher/lower net interest expense.

37. Risk management objectives and policies - continued

37.3 Market risk – continued

(iii) Price risk

The Group's exposure to equity securities price risk arises from its investments in equities, funds and mutual funds, which are classified in the statement of financial position as 'Financial assets at fair value through profit or loss'. The carrying amount of these investments as at 31 December 2020, amounted to €13.80 million (2019: €10.07 million). All of these investments are publicly traded.

Management does not consider that a reasonable shift in indices will have a significant impact on the Group's equity and post-tax profit. Accordingly, a sensitivity analysis disclosing how profit or loss and equity would have been affected by changes in indices that were reasonably possible at the end of the reporting period is not deemed necessary.

37.4 Capital management policies and procedures

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the dividends paid to its shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

The figures in respect of the Group's equity and borrowings are reflected below:

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Bank loans (Note 26)	**384,074**	383,861	**4,339**	4,596
Bonds (Note 27)	**262,577**	262,081	**-**	-
Assets held under trust (Note 27.2)	**(5,637)**	(3,820)	**-**	-
Other financial liabilities (Note 28)	**32,787**	32,054	**102,802**	117,849
Lease liabilities (Note 14)	**16,201**	16,342	**38**	246
Less: cash and cash equivalents (Note 21)	**(79,863)**	(118,505)	**(38,921)**	(46,590)
Net debt	**610,139**	572,013	**68,258**	76,101
Total equity	**828,470**	960,153	**301,366**	310,232
Total capital	**1,438,609**	1,532,166	**369,624**	386,333
Net debt ratio	**42.41%**	37.33%	**18.47%**	19.70%

37. Risk management objectives and policies - continued

37.4 Capital management policies and procedures - continued

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

37.5 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet date of the reporting periods under review may also be categorised as follows. See Note 3.12 for explanations about how the category of financial instruments affects their subsequent measurement.

	The Group		**The Company**	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Non-current assets				
Financial assets at FVTPL				
Unlisted equity securities	**7,198**	8,401	-	-
Financial assets at amortised cost				
Amounts due from related companies and other investees	**11,879**	6,774	**10,126**	12,775
Other receivables	**38**	267	**-**	-
Cash and cash equivalents				
- presented within assets placed under trust arrangement	**-**	3,698	**-**	-
Current assets				
Financial assets at FVTPL				
Bond securities	**2,363**	1,164	**2,363**	1,160
Equity securities	**5,235**	4,641	**999**	-
Mutual funds	**6,201**	4,268	**1,191**	-
Financial assets at amortised cost				
Trade receivables and other receivables	**27,167**	38,779	**9,229**	9,100
Cash and cash equivalents	**90,350**	125,749	**38,921**	46,590
Assets placed under trust arrangement	**5,637**	122	**-**	-
Total financial assets	**156,068**	193,863	**62,829**	69,625

37. Risk management objectives and policies – continued

37.5 Summary of financial assets and liabilities by category – continued

	The Group		The Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Non-current liabilities				
Other financial liabilities measured at amortised cost				
Bank borrowings	**364,217**	340,706	**3,122**	3,306
Bonds	**242,639**	262,081	**-**	-
Other financial liabilities	**32,667**	32,054	**101,855**	116,902
Lease liabilities	**13,474**	13,193	**6**	38
Trade payables and other payables	**2,934**	3,993	**-**	-
Current liabilities				
Other financial liabilities measured at amortised cost				
Bank borrowings	**30,344**	50,399	**1,217**	1,290
Bonds	**19,938**	-	**-**	-
Other financial liabilities	**120**	-	**947**	947
Lease liabilities	**2,727**	3,149	**32**	208
Trade payables and other payables	**58,414**	68,261	**12,493**	12,357
Total liabilities	**767,474**	773,836	**119,672**	135,048

37.6 Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: based on information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: information for the asset or liability that is not based on observable market data (unobservable inputs).

37. Risk management objectives and policies – continued

37.6 Financial instruments measured at fair value – continued

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The key financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	The Group			
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
	Level 1		**Level 3**	
Assets				
Financial assets at fair value through profit or loss				
Equity securities	**5,235**	4,641	**7,198**	**8,401**
Mutual funds	**6,201**	4,268	**-**	**-**
Bond securities	**2,363**	1,164	**-**	**-**
Total	**13,799**	10,073	**7,198**	**8,401**

The Company's financial assets measured at fair value consist of investments in listed securities as disclosed in Note 20 and are included in the Level 1 fair value hierarchy.

Measurement of fair value

The fair value of the financial assets at fair value through profit and loss which are quoted and accordingly categorised as Level 1 instruments was based on quoted market prices.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Investments in unlisted equity securities, categorised as Level 3 instruments in view of their unlisted nature comprise the acquisition during 2019 of minority stakes in Global Hotel Alliance and Moscow Project as well as the investment in Azure Resorts Group which was transferred from equity in Joint Ventures during the current year. In the opinion of the Directors, as at year-end, the fair value of these investments is best represented by the Group's acquisition price given these were recent transactions undertaken between unrelated parties.

Movements in these investments are portrayed in the table below.

37. Risk management objectives and policies – continued

37.6 Financial instruments measured at fair value – continued

Measurement of fair value - continued

	The Group	
	2020	2019
	€'000	€'000
	Level 3	
At 1 January	**8,401**	-
Acquisitions	**-**	8,401
Transfer to financial assets at amortised cost	**(5,196)**	-
Transfer from Equity in Joint Ventures	**5,460**	-
Fair value movements	**(1,467)**	-
At 31 December	**7,198**	8,401

During 2019, the Group settled a liability relating to previously acquired assets emanating from agreements which were subject to a consideration that was dependent on the performance of underlying assets or business. The fair value of the liability from 1 January to settlement date decreased by €4.40 million, thereby resulting in a gain recognised in profit or loss.

There have been no transfers of financial assets between the different level of the fair value hierarchy.

37.7 Financial instruments not measured at fair value

Disclosures in respect of the fair value of financial instruments not carried at fair value are presented within Notes 19, 27, 28 and 31. The Directors generally consider the carrying amounts to be a reasonable estimate of their fair value principally in view of the relatively short periods to repricing or maturity from the end of the reporting periods.

38. Ultimate controlling party

The Company is the ultimate parent of the Corinthia Group.

In view of its shareholding structure, the Group and the Company have no ultimate controlling party.

39. Events after the reporting period

Business Combinations

During the first quarter of 2021, the Group acquired the remaining 50% share in Golden Sands Resort Limited to consolidate its holding in this asset.

The Group's carrying amount of the joint venture in this respect will accordingly be derecognised in 2021. The fair value of the previously held 50% interest equates to the carrying amount of the investment and accordingly, no gain or loss will be recognised upon re-measurement of the previously held interest.

39. **Events after the reporting period** – continued

Business Combinations - continued

Details of the purchase consideration and the fair value of the net identifiable assets and liabilities acquired and goodwill are as follows:

	€'000
Purchase consideration	
Value of the previous 50% held as at 31 December 2020	19,646
Purchase consideration for the remaining 50%	13,000
Adjustment for monetary assets	(2,830)
	29,816
Carrying amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	90
Property, plant and equipment	61,646
Other financial assets at amortised cost	-
Right-of-use assets	146
Deferred assets	(9,980)
Intangible assets	6
Inventories	1,444
Trade and other receivables	311
Trade and other payables	(4,264)
Taxation	24
Lease liabilities	(148)
Borrowings	(13,918)
Other financial liabilities	(10,107)
Net identifiable assets acquired	**25,250**

The purchase price allocation for this acquisition is still being finalised.

39. Events after the reporting period – continued

Libyan Dinar devaluation

Effective 3 January 2021, the Central Bank of Libya issued an exchange rate modification. The Libyan Dinar was modified to equate to 4.48 Dinars to the US Dollar. On this day, 5.4416 Libyan Dinars were equal to one Euro (31/12/2020: LYD 1.6428:€1). The Group has certain assets and liabilities denominated in Libyan Dinars, and the Group's net exposure is as follows:

	Original currency LYD'000	Unrealised gain/(loss) 3 January 2021 €'000
Non-financial instruments		
Impact on subsidiaries	24,303	(1,942)
Impact on associates and joint ventures	34,183	(14,526)
Loss on currency translation through other comprehensive income	**58,486**	**(16,468)**
Financial instruments		
Cash and bank balances	6,373	(2,626)
Trade and other receivables	5,686	(2,684)
Trade and other payables	219	93
Loss on exchange through income statement	**11,840**	**(5,217)**
Net impact on the Group's total comprehensive income	**70,326**	**(21,685)**

No other adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.