



INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by International Hotel Investments p.l.c. pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority.

Information on audited financial statements of IHI Magyarország Zrt for 2021 as Guarantor

The audited financial statements for year ended 31 December 2021 of IHI Magyarország Zrt as guarantor of the International Hotel Investments p.l.c. secured bond (ISIN MT0000111303) are attached to this company announcement and are also available on:

<http://www.corinthiagroup.com/wp-content/uploads/2022/04/IHI-Hungary-IFRS-Financial-Statements-December-2021-29042022-v2-FINAL.pdf>.

Jean-Pierre Schembri
Company Secretary

Encl.

29 April 2022

Independent auditor's report - continued

To the Shareholders of IHI Magyarország Zrt.

Other matter – use of this report

Our report, including the opinion, has been prepared for and only for the Company's 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

29 April 2022

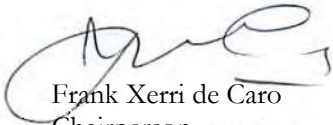
Statement of comprehensive income

	Notes	2021 €'000	2020 €'000
Revenue	5	5,878	6,184
Direct costs		(2,645)	(3,616)
Gross profit		3,233	2,568
Marketing costs		(319)	(428)
Administrative expenses		(939)	(1,479)
Other operating expenses		(511)	(552)
Depreciation		(1,654)	(1,664)
Results from operating activities	6	(190)	(1,555)
Finance income		138	187
Finance costs		(1,073)	(1,071)
Net finance costs	8	(935)	(884)
Loss before tax		(1,125)	(2,439)
Tax credit/(expense)	9	54	(85)
Loss for the year - total comprehensive income		(1,071)	(2,524)
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Gross surplus/(impairment) arising on Revaluation of hotel properties		5,000	(5,000)
Income tax relating to component of comprehensive income		(450)	450
Other comprehensive income for the year net of tax		4,550	(4,550)
Total comprehensive income for the year		3,479	(7,074)

Statement of financial position

	Notes	2021 €'000	2020 €'000
Assets			
Non-current			
Property, plant and equipment	10	120,395	116,727
Right-of-use	10.6	300	493
		<u>120,695</u>	<u>117,220</u>
Current			
Inventories	11	859	968
Trade and other receivables	12	1,079	564
Cash and cash equivalents	13	1,627	436
		<u>3,565</u>	<u>1,968</u>
Total assets		<u>124,260</u>	<u>119,188</u>
Equity			
Called-up share capital	14	3,862	3,862
Capital reserve		6,106	6,106
Revaluation reserve	15	39,855	35,305
Retained earnings	16	13,306	14,377
Total equity		<u>63,129</u>	<u>59,650</u>
Liabilities			
Non-current			
Other financial liabilities	18	38,229	38,729
Lease liabilities	10.6	182	324
Deferred tax liabilities	19	5,764	5,369
Trade and other payables	20	12,031	11,116
		<u>56,206</u>	<u>55,538</u>
Current			
Other financial liabilities	18	1,238	1,169
Trade and other payables	20	3,054	2,219
Lease liabilities	10.6	123	135
Current taxation		510	477
		<u>4,925</u>	<u>4,000</u>
Total liabilities		<u>61,131</u>	<u>59,538</u>
Total equity and liabilities		<u>124,260</u>	<u>119,188</u>

The financial statements on pages 8 to 38 were authorised for issue by the board of directors on 29 April 2022 and signed on its behalf by:


Frank Xerri de Caro
Chairperson


Joseph Pisani
Director

Statement of changes in equity

	Share capital €'000	Capital reserve €'000	Revaluation reserve* €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2020	3,862	6,106	39,855	20,531	70,354
Comprehensive income	-	-	(4,550)	(2,524)	(7,074)
Dividend declared	-	-	-	(3,630)	(3,630)
Balance at 31 December 2020	3,862	6,106	35,305	14,377	59,650
Balance at 1 January 2021	3,862	6,106	35,305	14,377	59,650
Comprehensive income	-	-	4,550	(1,071)	3,479
Dividend declared	-	-	-	-	-
Balance at 31 December 2021	3,862	6,106	39,855	13,306	63,129

* Not available for distribution

Statement of cash flows

	Notes	2021 €'000	2020 €'000
Loss before tax		(1,125)	(2,439)
Adjustments	21	2,639	2,531
Working capital changes:			
Inventories		109	81
Trade and other receivables		(298)	1,875
Trade and other payables		883	(816)
Cash generated from operating activities		2,208	1,232
Tax refund		33	4
Net cash generated from operating activities		2,241	1,236
Investing activities			
Payments to acquire property, plant and equipment		(410)	(760)
Net cash used in investing activities		(410)	(760)
Financing activities			
Shareholder loan repayments*		(500)	(1,000)
Lease liability		(140)	(122)
Net cash used in financing activities		(640)	(1,122)
Net increase/(decrease) in cash and cash equivalents		1,191	(646)
Cash and cash equivalents at beginning of year		436	1,082
Cash and cash equivalents at end of year	13	1,627	436

* During the year, the Company repaid €0.5 million (2020: 1 million) in shareholder's loans.

Notes to the financial statements

1. Nature of operations

The Company's main business is connected with the ownership and operation of a hotel and adjacent apartments and spa in Budapest, Hungary.

2. General information

IHI Magyarország Zrt. (the 'Company'), is a limited liability company incorporated in Budapest, Hungary. The Company's registered address is Erzsébet krt. 43-49, 1073 Budapest, Hungary.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are presented in thousands of Euro (€'000) which is also the functional currency of the Company.

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 financial statements of the Company 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 and financial liabilities classified at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), the land and buildings class within property, plant and equipment and investment property – which are measured at fair value.

The preparation of 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 Company's accounting policies (see Note 4 – Critical accounting estimates, judgements and errors).

As at 31 December 2021, the company reported a loss of €1,071,000 (2020: loss of €2,524,000) and its current liabilities exceeded its current assets by €1,360,000 (2020: €2,032,000). These accounts have been prepared on a going concern basis, which assumes that the company will continue operational existence for the foreseeable future. The validity of this assumption depends on the continued support given by the ultimate parent company, Corinthia Palace Hotel Company Limited and its shareholders. The directors have obtained assurances that the ultimate parent company will not call for payment of the amounts due before third party balances are settled and will continue to support financially the company to enable it to meet its liabilities as and when they fall due.

3. Summary of significant accounting policies - continued

3.2 Standards, interpretations and amendments to published standards effective in 2021

In 2021, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.3 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS as adopted by the EU for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS as adopted by the EU that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the following Notes:

The accounting policies have been consistently applied by Company and are consistent with those used in previous years.

Going concern

The company's operations and financial performance were severely impacted by the unprecedented decline in both international and domestic travel since the COVID-19 pandemic began. Prior to the pandemic the company had significant headroom in its cash balances to support its operations.

Due to the interdependencies between the entities forming the International Hotel Investments p.l.c (IHI p.l.c.), the impact of COVID-19 is being addressed herein from a company and group perspective.

3. Summary of significant accounting policies - continued

3.3 Overall considerations - continued

Going concern - continued

Operating conditions generally improved in the second half of the year, with all hotels open for business. In 2021, at operating results before depreciation and fair value, the Group recorded an improved performance of €26.5m compared to a loss of €3.8m last year. The Group is projecting that consolidated revenue levels will revert to pre COVID-19 benchmarks during 2024. In the case of the company, it is expected that it will revert to pre COVID-19 benchmarks during 2025. The trajectory to such performance by the company and Group will be dependent on the level of travel restrictions that are maintained by governments. It is expected that individual properties will revert over a different timeline, with some attaining this level of performance before 2024.

During the current and preceding financial years, 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. These moratoria on interest and capital in some instances also extend to the first part of 2022. Certain banking facilities include loan to value and debt service cover covenants which are tested on a periodical basis. Waivers have been obtained in respect of such breaches of these covenants that occurred in 2021 or are expected to occur in the early part of 2022. 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.

At 31 December 2021, the Group had access to €165.1m, comprising €62.9 of undrawn committed facilities and €102.1m of cash balances. This liquidity position enables the Group to sustain its operations as well as meet its capital commitments. Overall, the Group's balance sheet position remains robust.

Accordingly, the Directors and senior management consider the going concern assumption in the preparation of the Company's financial statements as appropriate as at the date of authorisation for issue of the 2021 financial statements.

The board of directors and senior management remain vigilant on developments and will take appropriate measures as and when necessary to ensure the continued viability of the Company.

3.4 Interest-bearing loans

Borrowings, comprising intra-group loans, 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.

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 assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

3. Summary of significant accounting policies - continued

3.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in income statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

3.6 Revenue

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

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Company 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 Company 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 hotel).

3.7 Leases

The Company's lease accounting policy where the Company is the lessee is disclosed in Note 10.6

3.8 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.9 Retirement benefit costs

The Company is required to pay defined employer contributions to the State in accordance with local legislation. Pension costs are charged against profit in the period in which the contributions are payable.

3.10 Property, plant and equipment

All 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.

3. Summary of significant accounting policies - continued

3.10 Property, plant and equipment - continued

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 Company 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.

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	50
Hotel plant and equipment	2-15
Furniture, fixture and fittings	3-10
Motor vehicles	5

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 3.11). 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.

3.11 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from the said goodwill and represent the lowest level within the Company at which management monitors goodwill.

3. Summary of significant accounting policies - continued

3.11 Impairment testing of goodwill, other intangible assets and property, plant and equipment - continued

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount. Cash flows and discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.12 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Trade and other receivables

Trade 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 goods 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 recognised at fair value. The Company 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.

Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company'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 in profit or loss and would be subsequently measured at fair value. The Company 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

3.13 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 and the estimated costs necessary to make the sale.

3.14 Income taxes

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 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. 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.

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.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

3. Summary of significant accounting policies - continued

3.16 Equity and reserves - continued

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Retained earnings include all current and prior period losses and retained profits.

3.17 Provisions, contingent liabilities and contingent assets

Provisions for legal claims and other obligations are recognised when the Company 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.

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 Company, 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.

4. Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates, assumptions and management 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 fair value of property, plant and equipment and investment properties is determined by using valuation techniques. Further details of the judgements and assumption made are disclosed in Note 10.

This Note highlights information about the fair value estimation of land and buildings and investment property, together with a sensitivity analysis of the effects of shifts in unobservable inputs used in determining these fair values.

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

5. Revenue

	2021 €'000	2020 €'000
Accommodation	3,965	3,173
Food and beverages	1,171	1,369
Other hotel revenue	742	1,642
	5,878	6,184

6. Results from operating activities

Results from operating activities are after the following charges:

	2021	2020
	€'000	€'000
Operating lease costs	10	7
Depreciation of property, plant and equipment (Note 10)	1,654	1,664
Auditors' remuneration	30	27

7. Personnel expenses

	2021	2020
	€'000	€'000
Wages and salaries	1,271	1,818
Casual workforce	382	344
Payroll related taxes	102	191
Other payroll related expenses	109	68
	1,864	2,421

In response to the COVID-19 coronavirus pandemic, the Company has benefitted from various schemes adopted by the government. The Company received grants amounting to €0.22m. This grant has been netted off against the wages and salaries amount disclosed above.

7.2 Average number of employees

	2021	2020
Management and administrative	31	25
Operating	60	85
	91	110

8. Finance income and finance costs

	2021 €'000	2020 €'000
Interest income on:		
Exchange gain-net	-	49
Other income from Parent*	138	138
Finance income	138	187
Interest expense on:		
Interest on group balances	(984)	(1,069)
Other charges	(2)	(2)
Exchange Loss – net	(87)	-
Finance costs	(1,073)	(1,071)
Net finance costs	(935)	(884)

* The hotel building was pledged as collateral against a bond issued by the parent company amounting to €55 million. Interest receivable in relation to the collateral provided was invoiced for at 0.25% or €137,877.

9. Tax expense

	2021 €'000	2020 €'000
Deferred taxation (Note 19)	54	(85)

In 2021, the corporate income tax rate in Hungary was 9% for taxable profit.

Refer to Note 19 for information on the entity's deferred tax assets and liabilities.

	2021 €'000	2020 €'000
Loss before tax	(1,125)	(2,439)
Income tax using the Company's domestic tax rate	(101)	(219)
Effect of non-deductible expenses	47	304
Tax expense	(54)	85

10. Property, plant and equipment

	Land and buildings €'000	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Assets in the course of construction €'000	Total €'000
Cost/revalued amount					
Balance at 1 January 2020	136,794	9,899	5,546	265	152,504
Additions	-	-	-	562	560
Reallocations	665	75	24	(764)	-
Balance at 31 December 2020	137,459	9,974	5,570	63	153,100
Balance at 1 January 2021	137,459	9,974	5,570	63	153,100
Additions	-	-	-	194	195
Reallocations	35	114	1	(150)	-
Disposals	(1)	-	-	-	(1)
Balance at 31 December 2021	137,493	10,088	5,571	107	153,259
Depreciation and impairment losses					
Balance at 1 January 2020	15,958	9,033	4,770	-	29,761
Depreciation for the year	1,271	198	109	-	1,578
Impairment charge	5,000	-	-	-	5,000
Balance at 31 December 2020	22,229	9,231	4,879	-	36,339
Balance at 1 January 2021	22,229	9,231	4,879	-	36,339
Depreciation for the year	1,272	190	63	-	1,525
Impairment charge	(5,000)	-	-	-	(5,000)
Balance at 31 December 2021	18,501	9,421	4,942	-	32,864
Carrying amounts					
At 1 January 2020	120,836	866	776	265	122,743
At 31 December 2020	115,230	743	691	63	116,727
At 31 December 2021	118,992	667	629	107	120,395

10. Property, plant and equipment - continued

10.1 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 2021, and do not take into account the events after reporting period.

In 2021, the directors appointed independent professionally qualified property valuers having appropriate recognised professional qualifications and the necessary experience. The valuation process resulted in the book value of the property being adjusted as at year end. The resultant reversal of impairment of €5m has been accounted for.

The Company 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 Company's land and buildings, within property, plant and equipment, consists principally of hotel property that is owned and managed by companies forming part of the Corinthia Group.

The Company'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.

Valuation processes

Where management, through its assessment, concludes that the fair value of properties differs materially from its carrying amount, an independent valuation report prepared by third party qualified valuers, is performed. These reports are based on both:

- information provided by the Company which is derived from the Company's financial systems and is subject to the Company'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 Company. This includes a review of fair value movements over the period.

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:

10. Property, plant and equipment - continued

10.1 Fair valuation of property - 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 or per room related to transactions in comparable properties located in proximity to the respective property, with adjustments for differences in the size, age, exact location and condition of the property.

The table below include information about fair value measurements of the hotel property (classified within property, plant and equipment) using significant unobservable inputs (Level 3). Following an independent valuation, the fair value of the hotel property has reversed the €5m impairment of 2020 in the current year, which was accounted for in the statement of comprehensive income.

10. Property, plant and equipment - continued

10.1 Fair valuation of property - continued

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2021 and 2020

Description by class based on highest and best use	Fair value at		Valuation technique	Significant unobservable inputs							
	31 Dec 2021	31 Dec 2020		Evolution of operating results before depreciation and fair value gains/(losses) over initial projected five-year period		Pre-tax rate (WACC)		Growth rate		Capitalisation rate	
	€'000	€'000	Income capitalisation approach (DCF)	2021	2020	2021	2020	2021	2020	2021	2020
Current use as hotel properties (classified as property, plant and equipment) :											
Corinthia Hotel Budapest	120,395	116,727		FY22-FY26 €5.6m - €13.1m	FY21-FY25 €1.65m - €9.4m	9.00	8.48	1.60	2.00	7.40	6.48

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 resultant fair valuation.

As at 31 December 2021, as evidenced in the tables above, the highest and best use of the Company properties is equivalent to their current use.

A shift in discount rate of +/- 0.5% and in EBITDA by 5% for 2021 would result in a shift in property valuation of - €7.8 million and + € 8.9 million and +/- €6.0 million respectively.

10. Property, plant and equipment - continued

10.2 Adjustments to carrying amount of property

Revaluation surplus and impairment charges recognised in other comprehensive income (within revaluation reserve), gross of deferred tax:

	€'000
At 1 January 2020, 31 December 2020 and 1 January 2021	41,096
Revaluation of hotel property carried out at year end, gross of deferred tax	5,000
At 31 December 2021	<u>46,096</u>

10.3 Carrying amount of hotel property

Following adjustments to the hotel property carrying amount as referred to above at each reporting period, the carrying amount of the hotel property is €120.4 million (2020: €116.73 million).

10.4 Historic cost of hotel property

The carrying amounts of the land and buildings that would have been included in these financial statements had these assets been carried at cost less accumulated depreciation thereon would be €93.9 million (2020: €95.1 million).

10.5 Use as collateral

The hotel property is pledged as collateral against a bond issued by the parent company.

10.6 Leases

This Note provides information for leases where the Company is a lessee.

i. Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2021 €'000	31 December 2020 €'000
Right-of-use assets		
Plant & equipment	284	471
Motor vehicles	16	22
	<u>300</u>	<u>493</u>
Lease liabilities		
Current	123	135
Non-current	182	324
	<u>305</u>	<u>459</u>

There were no additions to the Company's right-of-use assets during the 2021 (2020: nil).

10. Property, plant and equipment - continued

10.6 Leases - continued

ii. Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2021 €'000	31 December 2020 €'000
Depreciation charge of right-of-use assets		
Plant & equipment	123	80
Motor vehicles	6	6
	129	86

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

The Company leases equipment, and motor vehicles. Contracts are made for periods up to 6 years and may include extension options as described further below. The Company's leases pertain to equipment and motor vehicles, and are typically made for periods of up to 6 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.

Until 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, 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 Company.

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 payment 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 Company under residual value guarantees; and
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option.

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 Company, 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 Company 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.

10. Property, plant and equipment - continued

10.6 Leases - continued

The Company 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 Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company 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 buildings held by the Company.

11. Inventories

	2021 €'000	2020 €'000
Food and beverages	116	106
Cleaning materials and consumables	117	137
Stationery and promotional material	42	47
Utensils, crockery, cutlery, chinaware and linen	584	678
	<u>859</u>	<u>968</u>

12. Trade and other receivables

	2021 €'000	2020 €'000
Trade receivables	368	56
Amounts owed by:		
Parent Company	-	-
Group company	2	44
Other related company	19	14
Other debtors	53	24
Financial assets	<u>442</u>	<u>138</u>
Advance payments in respect of capital creditors	576	310
Prepayments	61	116
Total receivables - current	<u>1,079</u>	<u>564</u>

12. Trade and other receivables - continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021 €'000	2020 €'000
Opening loss allowance as at 1 January	26	68
Receivables written off during the year as uncollectible	-	(43)
Impairment losses reversals	-	1
Balance at 31 December	26	26

The impairment loss in 2021 and 2020 relates to specific provision for doubtful debtors that have been overdue for more than one year. Such balances were unsecured.

The provision accounts in respect of trade receivables are used to record impairment losses unless the Company deems that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. The Company's impairment model for trade receivables is disclosed in Note 24.1.

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

13. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021 €'000	2020 €'000
Bank balances	1,535	349
Cash in hand	92	87
Cash and cash equivalents in the statement of cash flows	1,627	436

14. Share capital

14.1 Authorised and issued share capital

	Ordinary shares of €1 each	
	2021 €'000	2020 €'000
On issue at 1 January (100,000 ordinary shares)	3,862	3,862
On issue at 31 December - fully paid up (100,000 ordinary shares)	3,862	3,862

14.2 Shareholders 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.

15. Revaluation reserve

At 31 December 2021, the property was assessed and the valuation resulted in the reversal of previous year's impairment of €4.55 million. The movement on revaluation reserve was of €4.55 million, net of deferred tax.

16. Retained earnings

The loss of €1.07 million has been transferred to retained earnings as set out in the statement of changes in equity for the year ended 31 December 2021.

17. Capital management policies and procedures

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Company defines as the profit for the year divided by total equity.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company seeks to maximise the return on shareholders' equity and to reduce the incidence of interest expense.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

18. Other financial liabilities

	2021 €'000	2020 €'000
Amounts owed to:		
Parent company (IHI p.l.c.)	38,229	38,729
Group company	1,238	1,169
	<u>39,467</u>	<u>39,898</u>
Non-current liabilities		
Amounts owed to:		
Parent company	38,229	38,729
	<u>38,229</u>	<u>38,729</u>
Current liabilities		
Amounts owed to:		
Group company	1,238	1,169
	<u>1,238</u>	<u>1,169</u>

The terms of the amounts owed to the related parties for the years ended 31 December 2021 and 2020 are as follows:

	€'000	Interest	Terms Repayable by	Security
IHI p.l.c.	25,869	4% (2019: 4%)	2028	None
IHI p.l.c.	12,361	0%	Non-current	None
Group company	1,237	6M Euribor + 1%	Current	None
	<u>39,467</u>			

19. Deferred tax assets and liabilities

	2021 €'000	2020 €'000
Excess of tax base over carrying amount of tangible fixed assets	(961)	(904)
Tax effect on revaluation of land and buildings	(5,619)	(5,169)
Provision for exchange differences	139	139
Unrelieved tax losses	677	565
	<u>(5,764)</u>	<u>(5,369)</u>
The movement in the deferred tax can be analysed as follows:		
Recognised in other comprehensive income	(450)	450
Recognised in profit or loss	54	(85)
	<u>(396)</u>	<u>365</u>

20. Trade and other payables

	2021 €'000	2020 €'000
Non-current		
Parent company (IHI Plc)	12,031	11,116
Total payables non - current	<u>12,031</u>	<u>11,116</u>
Current		
Trade payables	372	121
Fellow subsidiary companies	118	-
Other creditors	343	217
Accruals	1,170	997
Financial liabilities	<u>2,003</u>	1,335
Advance payments	1,051	884
Total payables - current	<u>3,054</u>	<u>2,219</u>

The carrying amount of trade and other payables is considered a reasonable approximation of fair value in view of the short-term nature of these instruments.

21. Cash flow adjustments

	2021 €'000	2020 €'000
Adjustments:		
Depreciation	1,654	1,664
Finance cost-net	935	884
Other	50	(17)
	<u>2,639</u>	<u>2,531</u>

21.1 Reconciliation of financial liabilities

	Liabilities from financing activities	
	Other financial liabilities	Other financial liabilities
	2021	2020
	€'000	€'000
As at 1 Jan		
- Principal	<u>(38,729)</u>	(39,729)
- Net	<u>(38,729)</u>	(39,729)
Cash flows	500	1,000
As at 31 December	<u>(38,229)</u>	<u>(38,729)</u>
Comprising:		
- Principal	<u>(38,229)</u>	(38,729)
As at 31 December	<u>(38,229)</u>	<u>(38,729)</u>

22. Commitments

	2021	2020
	€'000	€'000
Capital expenditure		
Contracted capital expenditure	<u>531</u>	700

23. Related parties

The Company's related parties include its associates, key management, fellow subsidiaries and shareholders of ultimate parent company. None of the transactions incorporates 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 by bank payment. Amounts owed by/to related parties are shown separately in Notes 12, 18, 20.

	2021	2020
	€'000	€'000
Revenue		
Services rendered to		
Subsidiaries	(10)	(92)
Other related parties	(11)	(14)
	<u>(21)</u>	<u>(106)</u>
Expenses		
Charged by Corinthia Hotels Limited	57	104
Charged by Corinthia group members	21	5
	<u>78</u>	<u>109</u>
Marketing costs		
Charged by Corinthia Hotels Limited	75	91
Charged by Corinthia group members	35	36
	<u>110</u>	<u>127</u>
Administrative expenses		
Management fee charged by Parent company	73	146
Management & incentive fee charged by CHL	219	123
	<u>292</u>	<u>269</u>
Financing expense		
Interest expense – Parent company	1,048	1,044
Interest expense – Subsidiaries	-	2
Interest income – Parent company	(138)	(138)
	<u>910</u>	<u>908</u>

23.1 Transactions with key management personnel

In addition to the remuneration paid to the directors, in the course of its operations, the Company 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.

24. Risk management objectives and policies

The Company 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 Company's risk management is coordinated at its head office, in close co-operation with the board of directors and the audit committee and focuses on actively securing the Company'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 Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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 Company is exposed to are described below. See also Note 24.4 for a summary of the Company's financial assets and liabilities by category.

24.1 Credit risk

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

	2021 €'000	2020 €'000
<i>Classes of financial assets – carrying amounts</i>		
Trade and other receivables	442	138
Bank balances	<u>1,535</u>	<u>349</u>
	<u>1,977</u>	<u>487</u>

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

The Company has, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, due to the spread of the Company's debtor base, there is no concentration of credit risk.

24. Risk management objectives and policies - continued

24.1 Credit risk - continued

The Company has a credit policy in place under which new customers are analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Company's benchmark creditworthiness may only transact with the Company 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 Company does not ask for any collateral in respect of trade and other receivables. The Company establishes an allowance for doubtful recoveries that represents its estimate of losses in respect of trade and other receivables. See Note 12 for further information on impairment of financial assets that are past due.

Impairment of financial assets

The Company has 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 Company 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 Company 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.

The expected loss rates are based on the payment profiles of sales over a period of 3 to 4 months before 31 December 2021 or 1 January 2021 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 company concluded trade receivables and contract assets are adequately provided for.

24.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Note 3.3 discloses the measures that the Group has taken and is currently taking to manage the impact of the economic situation pursuant to the outbreak of COVID-19 subsequent to year-end.

24. Risk management objectives and policies - continued

24.2 Liquidity Risk - continued

The Company actively manages its cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company depends on the continued support given by the ultimate parent company Corinthia Palace Hotel Company Limited and its shareholders. The Group's liquidity risk is 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.

At 31 December 2021 and 31 December 2020, the Company has financial liabilities including estimated interest payments with contractual maturities which are summarised below:

31 December 2021	Current Within 1 year €'000	Non-current 2-5 years €'000	Non-current More than 5 years €'000
Parent company loan	1,035	16,500	27,937
Other interest bearing borrowings	1,237	-	-
Trade and other payables	3,055	-	12,130
Lease liability	123	182	-
	5,450	16,682	40,067

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

31 December 2020	Current Within 1 year €'000	Non-current 2-5 years €'000	Non-current More than 5 years €'000
Parent company loan	1,035	17,000	28,972
Other interest bearing borrowings	1,169	-	-
Trade and other payables	2,219	-	11,116
Lease liabilities	135	324	-
	4,558	17,324	40,088

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

24.3 Market risk

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

24. Risk management objectives and policies - continued

24.3.1 Foreign currency risk - continued

The Company operates internationally and is exposed to currency risk on sales and purchases that are denominated in a currency other than its functional currency which is the Euro. The currency giving rise to the highest risk is the Hungarian Forint (HUF).

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level.

The company's revenues, purchase and operating expenditure, financial assets and liabilities, are mainly denominated in Euro except for financial assets amounting to €184,784 and financial liabilities amounting to €220,896 which are denominated in HUF.

At 31 December 2021, if the EUR had weakened/strengthened by 10% against the HUF with all other variables held constant, post-tax profit for the year would have been €3,611 lower/€3,611 higher as a result of foreign exchange losses/gains on translation of the EUR denominated borrowings.

24.4 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities as recognised at the 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.

	2021 €'000	2020 €'000
Current assets		
Financial assets at amortised cost		
- Amounts due from related companies	21	58
- Trade receivables	368	56
- Other receivables	53	24
Cash and cash equivalents	1,627	436
	2,069	574
Non-current liabilities		
Financial liabilities measured at amortised cost		
- Parent company loan	38,229	38,729
	38,229	38,729
Current liabilities		
Financial liabilities measured at amortised cost		
- Other interest-bearing borrowings	1,238	1,169
- Trade payables	372	121
- Amounts due to related companies	12,031	11,116
- Other payables	343	217
- Accruals	1,170	997
	15,154	13,620

25. Parent company

The Company is a subsidiary of International Hotel Investments p.l.c. (IHI p.l.c.), the registered office of which is situated at 22, Europa Centre, Floriana, Malta. The Company's ultimate parent company is Corinthia Palace Hotel Company Limited, the registered office of which is the same as that of IHI p.l.c.

The parent company prepares consolidated financial statements of which the Company forms part. These financial statements are filed and are available for public inspection at the Registry of Companies in Malta.

26. Events after the end of the reporting period

The group owns a hotel in St Petersburg, Russia with an adjoining Commercial Centre which have been in operation for a number of years. In addition to that, the Group also has an equity stake in Moscow.

In February 2022, a military conflict erupted between Russia and Ukraine with consequential international sanctions being imposed on Russia. The situation regarding these sanctions and any counter-sanctions that Russia itself may impose on the international community is continuously developing. Negative effects on traffic patterns are possible and these could extend to neighbouring countries in which the group has operations. The Group has engaged international legal advisers to assist in managing the situation that the sanctions may have brought about.

The political and economic uncertainty worldwide due to this conflict may impact the forward-looking assumptions underlying the Group's forecasts. The situation continues to evolve, and although this event had no impact on the Group's financial statements for the year ended 31 December 2021, this event may impact the Group's operations particularly in St. Petersburg subsequent to the reporting period in view of the sanctions being imposed against Russia.

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation for issue of these financial statements.

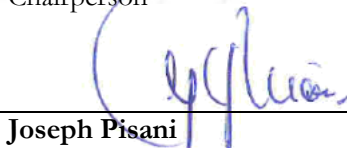
27. Directors

The Company has three directors who received a total remuneration of €18,982.97 for the current period (2020: €20,000).

Approved by the Board of Directors on 29 April 2022 and signed on its behalf by:



Frank Xerri de Caro
Chairperson



Joseph Pisani
Director

Erzsébet krt 43-49
1073 Budapest
Hungary