

# **Mount Nelson Hotel Limited**

## **Annual report and financial statements for the year ended 31 December 2021**

Registered number: 00050985



# **Mount Nelson Hotel Limited**

## **Annual report and financial statements 2021**

<b>Contents</b>	<b>Page</b>
<b>Strategic report</b>	<b>1-2</b>
<b>Directors' report</b>	<b>3-4</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report to the members of Mount Nelson Hotel Limited</b>	<b>6-9</b>
<b>Statement of comprehensive income</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13-23</b>

# Mount Nelson Hotel Limited

## Strategic report

The directors, in preparing this Strategic report, have complied with section 414C of the Companies Act 2006.

### Principal activities, business review and future developments

The Company continues to own and operate, through a South African branch, the Belmond Mount Nelson Hotel, Cape Town.

The Company made a loss before taxation for the year ended 31 December 2021 of £3,165,000 (2020: loss of £2,226,000). At 31 December 2021 the Company had net assets of £5,847,000 (2020: £8,983,000) and net current assets of 2,160,000 (2020: net current assets of £1,830,000).

Throughout 2022 the company intends to continue its operations of Mount Nelson Hotel. There is a significant capex project within the strategic plan for Mount Nelson hotel, the preliminary stages are due to begin in 2023.

### Key performance indicators

The key performance indicators that were used by management are occupancy percentage, revenue per available room and average daily rate. In 2021, the Company sold 10,523 (2020: 12,450) room-nights out of a total number of available room-nights of 72,270 (2020: 72,468), to give an occupancy percentage of 15% (2020: 17%). The revenue per available room in 2021 was ZAR 591 compared to ZAR 1,082 in 2020 a decrease of 45%. Average daily rates were ZAR 4,058 in 2021 compared to ZAR 6,300 in 2020, a decrease of 36%.

### Principal risks and uncertainties

The Company's principal risks and uncertainties arise from the performance of the luxury leisure market in South Africa. As a subsidiary of Belmond Ltd., the Group has policies and procedures in place to identify, manage and mitigate the risks and uncertainties that it and its subsidiaries are exposed to. These are outlined in LVMH Möet Hennessy - Louis Vuitton SE's ("LVMH") Annual Report, in which the Company's results are included, and can be obtained from its registered office at 22 Avenue Montaigne, FR-75008 Paris, France or at [www.lvmh.com](http://www.lvmh.com).

In 2020 the hospitality industry was severely impacted by the Covid-19 pandemic which forced hotels and other hospitality venues to close for an extended period of time and restricted the movement of travellers across the globe. The pandemic continued to affect hospitality in 2021, including Belmond; although, as many countries moved towards high levels of vaccination in the population, travel started to reopen with demand for Belmond hotels, trains and cruises also returning.

In 2022 we have seen international travel open up further and demand sustained for many of the hotels within The Belmond group (of which the Company is a part of). Many locations within the group are already exceeding pre-pandemic operation levels in 2022. In regions still feeling the effects of Covid-19, we would expect to reach pre-pandemic operation levels by 2023, including Mount Nelson Hotel, and we do not believe the long-term prospects for the hospitality industry are diminished.

There is still some uncertainty around future Covid variants, travel restrictions and speed of recovery in certain regions, however, the Group would be able to take steps to mitigate the financial impact of such scenarios on the group's operations and cash if required. The directors have also obtained a letter of support from the Company's ultimate parent, LVMH, confirming that it will continue to support the Company.

In addition to Covid, the Directors note three other principal risks and uncertainties of significance to the Group: Brexit, staffing pressures in the hospitality industry and the impact of rising global inflation. Whilst Brexit does not impact Mount Nelson Hotel directly, it is of importance to the Group and therefore an indirect effect.

On 31 December 2020, the transition period for the UK's withdrawal from the EU ended. From that point, new rules applied for trading, immigration and importing/exporting procedures. The most significant post-Brexit risks for Belmond are supply chain delays and the impact of immigration changes on recruitment.

The hospitality industry as a whole is facing pressures on recruiting and retaining the appropriate level of workforce as there has been a cultural shift towards more flexible, remote working jobs.

The directors closely monitor stock levels and the availability of raw materials for large renovation projects to ensure any supply chain delays can be mitigated. In order to mitigate the staffing pressures within the industry, the Company works on attracting and retaining talent by investing in our people to make Belmond an employer of choice.

# Mount Nelson Hotel Limited

## Strategic report (continued)

Rising global inflation rates is a key risk to the business and the Directors oversee the forecasting and budgeting process where different inflation scenarios are modelled. The financial performance of the Group is continually monitored and reviewed to ensure that it is well placed to react to changes in inflation and if necessary is able to mitigate the financial risk it may have on the business.

### Financial risk management objectives and policies

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the principal financial risks the Directors consider relevant to this Company are credit risk and liquidity risk. These risks are mitigated by the nature of the balances involved, with the counterparties being group companies.

### Section 172(1) Statement

The Directors of the Company note that they have a duty to promote the success of the Company for the benefit of the Company's members as a whole, having regard to a number of broader matters including the likely long-term consequences of decisions, and the Company's wider relationships. In this regard, the Board:

- considers on an annual basis the key business activities and the likely long-term consequences of any key decisions;
- ensures employees are regularly engaged through annual reviews to discuss employee performance, suitability and interest;
- ensures the Company maintains strong business relationships with suppliers, customers and others;
- ensures the Company's operations do not have a negative impact on the community and environment; and
- ensures, through the Company's policies and procedures, that the desired high standards of business conduct prevail across all functions.

Approved by the Board and signed on its behalf by:



V Robin-Amour  
Director  
9<sup>th</sup> December 2022

**Registered Office:**  
4B Victoria House  
Bloomsbury Square  
London  
WC1B 4DA

# **Mount Nelson Hotel Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2021.

### **Principal activities, business review and future developments**

The information that fulfils the Companies Act 2006 requirements of the business review and financial risk management is included in the Strategic report and forms part of this report by cross-reference. This includes a review of the development of the business of the Company during the year, of its financial position at the end of the year and the likely future development of the business.

### **Financial Risk Management**

Refer to the Strategic report on page 2 under heading financial risk management objectives and policies.

### **Going concern**

The Directors have taken into consideration the continued pandemic impact in 2022 which now varies globally. Whilst Covid-19 has had a significant impact on the financial performance of the group throughout 2021, in 2022 we have seen international travel open up further and demand return for many of the hotels within the Belmond group (of which the Company is a part of). Many locations within the group are already exceeding pre-pandemic operation levels in 2022. The Directors expect the regions not yet achieving these levels will do so by 2023.

There is still some uncertainty around future Covid variants, travel restrictions and speed of recovery in certain regions, however, the Directors would take steps to mitigate the financial impact of such scenarios on the group's operations and cash if required. The Directors have also obtained a letter of support from the Company's ultimate parent, LVMH, confirming that it will continue to support the Company. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

### **Dividends**

The directors do not recommend a dividend for the year and after year end (2020: £nil).

### **Directors**

The directors who served during the year and to the date of these financial statements, except where noted, were as follows:

A J Hunt

V Robin-Amour

The Company has arranged qualifying third-party indemnity for all of its directors.

None of the Directors had any notifiable interests in the shares of the Company during the year ended 31 December 2021.

# **Mount Nelson Hotel Limited**

## **Directors' report (continued)**

### **Branches outside the UK**

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, in South Africa.

### **Statement of disclosure to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



V Robin-Amour  
Director  
9<sup>th</sup> December 2022

**Registered Office:**  
4B Victoria House  
Bloomsbury Square  
London  
WC1B 4DA

## **Mount Nelson Hotel Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditor's report to the members of Mount Nelson Hotel Limited**

## **Opinion**

We have audited the financial statements of Mount Nelson Hotel Limited (the 'Company') for the year ended 31 December 2021 which comprise of the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



# **Independent auditor's report to the members of Mount Nelson Hotel Limited**

## **Other information**

The other information comprises the information included in the Strategic and Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **Independent auditor's report to the members of Mount Nelson Hotel Limited**

## **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment laws and regulations (including health and safety) and laws and regulations relating to unethical and prohibited business practices.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as taxation legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

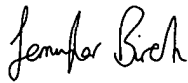
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

## **Independent auditor's report to the members of Mount Nelson Hotel Limited**

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

### **Use of the audit report**

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



Jennifer Birch  
(Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Two Chamberlain Square  
Birmingham  
B3 3AX

Date: 9<sup>th</sup> December 2022

## Mount Nelson Hotel Limited

### Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Turnover</b>	4	2,980	4,751
Cost of sales		(3,041)	(4,133)
<b>Gross profit</b>		(61)	618
Other operating income	4	-	302
Administrative expenses		(2,996)	(3,034)
<b>Operating loss</b>		(3,057)	(2,114)
Finance costs (net)	5	(108)	(112)
<b>Loss before taxation</b>	6	(3,165)	(2,226)
Tax on loss	8	68	334
<b>Loss for the financial year</b>		(3,097)	(1,892)
Net exchange differences on the retranslation of foreign operations		(39)	(538)
<b>Total comprehensive loss</b>		(3,136)	(2,430)

All operations are continuing.

# Mount Nelson Hotel Limited

## Balance sheet

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets	9	9,383	11,032
<b>Current assets</b>			
Stocks	10	204	255
Debtors	11	6,043	5,950
Cash at bank and in hand		468	246
		6,715	6,451
<b>Creditors: amounts falling due within one year</b>	12	(4,555)	(4,621)
<b>Net current assets</b>		2,160	1,830
<b>Total assets less current liabilities</b>		11,543	12,862
<b>Creditors: amounts falling due after more than one year</b>	13	(5,696)	(3,879)
Provision for deferred tax liability	14	-	-
<b>Net assets</b>		5,847	8,983
<b>Capital and reserves</b>			
Called-up share capital	15	1,602	1,602
Capital reserve		8,580	8,580
Profit and loss account		(4,335)	(1,199)
<b>Shareholder's funds</b>		5,847	8,983

The financial statements of Mount Nelson Hotel Limited (registered number 00050985) were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> December 2022.

Signed on behalf of the Board of Directors



V Robin-Amour  
Director

## Mount Nelson Hotel Limited

### Statement of changes in equity

For the year ended 31 December 2021

	Called-up share capital £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
<b>At 31 January 2019</b>	1,602	8,580	1,231	11,413
Profit for the financial year	-	-	(1,892)	(1,892)
Other comprehensive loss for the year	-	-	(538)	(538)
<b>Total comprehensive income for the year</b>	-	-	(2,430)	(2,430)
<b>At 31 December 2020</b>	1,602	8,580	(1,199)	8,983
Profit for the financial year	-	-	(3,097)	(3,097)
Other comprehensive loss for the year	-	-	(39)	(39)
<b>Total comprehensive income for the year</b>	-	-	(3,136)	(3,136)
<b>At 31 December 2021</b>	1,602	8,580	(4,335)	5,847

# Mount Nelson Hotel Limited

## Notes to the financial statements

For the year ended 31 December 2021

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### a. General information and basis of accounting

Mount Nelson Hotel Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is 4B Victoria House, Bloomsbury Square, London, WC1B 4DA. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Mount Nelson Hotel Limited is considered to be South African Rands because that is the currency of the primary economic environment in which the Company operates.

The presentation currency of the Company is pounds sterling and this is the currency in which the financial statements are presented.

Mount Nelson Hotel Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel. Mount Nelson Hotel Limited is consolidated in the financial statements of its ultimate parent company, LVMH, copies of which may be obtained from its registered office at 22 Avenue Montaigne, FR-75008 Paris, France or at [www.lvmh.com](http://www.lvmh.com).

#### b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

At 31 December 2021 the Company had net assets of £5,847,000 (2020: £8,983,000) and net current assets of £2,160,000 (2020: net current assets of £1,830,000).

The Directors have taken into consideration the continued pandemic impact in 2022 which now varies globally. Whilst Covid-19 has had a significant impact on the financial performance of the group throughout 2021, in 2022 we have seen international travel open up further and demand return for many of the hotels within the Belmond group (of which the Company is a part of). Many locations within the group are already exceeding pre-pandemic operation levels in 2022. The Directors expect the regions not yet achieving these levels will do so by 2023.

There is still some uncertainty around future Covid variants, travel restrictions and speed of recovery in certain regions, however, the Directors would take steps to mitigate the financial impact of such scenarios on the group's operations and cash if required. The Directors have also obtained a letter of support from the Company's ultimate parent, LVMH, confirming that it will continue to support the Company. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

#### c. Turnover

Turnover comprises revenue from hotel operations in South Africa. Turnover is recognised at the time the services are provided based on the set room rates and sales prices, as notified to the customers. All turnover arises in South Africa and is reported net of value added tax.

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 1. Accounting policies (continued)

#### d. Tangible fixed assets

Tangible fixed assets are included in the balance sheet at historical cost less depreciation and provision for impairment. Depreciation is provided on the cost of assets in use on the straight-line method so as to write off the assets over their estimated useful lives, as follows:

Buildings and leasehold improvements	-	60 years
Plant and machinery	-	5 to 25 years
Fixtures, fittings & equipment	-	5 to 15 years

No depreciation is provided on freehold land or assets under construction until available for use.

#### e. Stocks

Stocks are measured at the lower of cost and net realisable value, determined on a weighted average basis.

#### f. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Exchange differences arising on consolidation of a foreign branch are taken to other comprehensive income and accumulated in equity.

#### g. Taxation

Current tax is based on the profit for the year and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 1. Accounting policies (continued)

#### *g. Taxation (continued)*

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *h. Employee benefits*

The Company operates a defined contribution pension plan for its employees. The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

#### *i. Government Grants*

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and recognised in the profit and loss over the expected useful life of the asset.

#### *j. Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### *k. Finance income*

Finance income is derived of interest income from intercompany loan balances.

#### *l. Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 the revision and future periods if the revision affects both current and future periods.

#### *Key source of estimation uncertainty – impairment of tangible fixed assets*

Tangible assets are reviewed for potential indicators of impairment on an annual basis, and where these exist a formal impairment review is carried out.

#### *Key source of estimation uncertainty – impairment of debtors*

Trade debtors are stated net of discounts, less any provisions for amounts that are considered to be unable to be recovered from customers. This provision is reviewed monthly based on the ageing profile of trade debtors and historical collection experience. Where management has obtained sufficient and reasonable evidence such that it is more likely than not that the customer will not be able to settle the amounts owed to the Company, a bad debt provision is made against the receivable.

### 3. Ultimate parent company and controlling party

The immediate parent company is Belmond Interfin Ltd, a company incorporated in Bermuda.

The ultimate parent and controlling company and the largest and smallest group for which consolidated financial statements are prepared is LVMH as at 31 December 2021, a company incorporated in France. Copies of its financial statements can be obtained from its registered office at 22 Avenue Montaigne, FR-75008 Paris, France or at [www.lvmh.com](http://www.lvmh.com).

### 4. Turnover

Turnover is analysed as follows:

	2021 £'000	2020 £'000
Hotel accommodation	2,100	3,719
Food and beverage	737	796
Other services	143	236
	<u>2,980</u>	<u>4,751</u>

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 4. Turnover (continued)

Other operating income is analysed as follows:

	2021 £'000	2020 £'000
Government Grant Income	-	302

### 5. Finance costs (net)

	2021 £'000	2020 £'000
Interest payable and similar charges to group undertakings	(118)	(138)
Interest receivable and similar income from group undertakings	10	12
Bank interest received	-	14
	<u>(108)</u>	<u>(112)</u>

### 6. Profit before taxation

Profit before taxation is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 9)	1,453	1,521
Operating lease rentals (note 17)	180	174
Audit fee in respect of the Company's financial statements	23	21

Additional audit fees for the audit of the Company's financial statements of £10,000 (2020: £10,000) in both the current and prior year are borne by Belmond Ltd, another Group company.

### 7. Information regarding directors and employees

	2021 £'000	2020 £'000
<b>Employee costs for the year were:</b>		
Wages and salaries	1,307	2,342
Social security costs	161	206
Other pension costs (note 19)	78	113
	<u>1,546</u>	<u>2,661</u>

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

	2021 No.	2020 No.
<b>Average monthly number of employees:</b>		
Accommodation	38	41
Bar and restaurant	50	95
Other operations	15	6
Administration	23	45
	<u>126</u>	<u>187</u>

The directors were employed by other companies within the group and it is not practicable to apportion their total emoluments as regards to their services to this company for the current and preceding year.

### 8. Tax on profit on ordinary activities

#### Tax credit included in profit or loss

The tax credit comprises:

	2021 £'000	2020 £'000
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	179	(208)
Effect of change in tax laws and rates	(337)	(160)
Adjustment in respect of previous periods	90	34
<b>Total deferred tax</b>	<u>(68)</u>	<u>(334)</u>
<b>Total tax on loss/ profit</b>	<u>(68)</u>	<u>(334)</u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%).

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2021 on 24 May 2021 (the Finance Bill 2021 received Royal Assent on 10 June 2021 and became the Finance Act 2021). These changes include an increase to the main rate from 19% to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

There is no expiry date on timing differences, unused tax losses or tax credits.

During the year beginning 1 January 2022, the net reversal of deferred tax assets and liabilities is expected to be £100,000.

No deferred tax asset has been recognised in respect of the £6,419,000 (2020: £6,419,000) relating to capital losses on the basis that their future economic benefit is uncertain given the unpredictability of future profit streams.

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 8. Tax on profit on ordinary activities (continued)

#### Reconciliation of tax charge

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
<b>(Loss)/ Profit before tax</b>	<b>(3,165)</b>	<b>(2,226)</b>
Tax on (loss)/ profit at standard UK corporation tax rate of 19% (2020: 19%)	(601)	(423)
Effects of:		
- Expenses not deductible for tax purposes	87	94
- Adjust in respect of previous periods	90	34
- Group relief	694	121
- Changes in tax laws and rates	(338)	(160)
<b>Total tax credit for the year</b>	<b>(68)</b>	<b>(334)</b>

### 9. Tangible fixed assets

	Freehold land & buildings £'000	Leasehold improvements £'000	Plant and Machinery £'000	Fixtures, fittings & equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At beginning of year	6,337	2,257	1,231	10,729	264	20,818
Additions	37	-	179	151	131	498
Disposals	-	-	-	(29)	-	(29)
Transfers	25	-	123	39	(187)	-
Foreign currency translation	(431)	(152)	(99)	(732)	(15)	(1,429)
At end of year	5,968	2,105	1,434	10,158	193	19,858
<b>Depreciation</b>						
At beginning of year	2,379	424	608	6,375	-	9,786
Charge for the year	447	-	67	938	-	1,452
Disposals	-	-	-	(27)	-	(27)
Foreign currency translation	(183)	(29)	(44)	(480)	-	(736)
At end of year	2,643	395	631	6,806	-	10,475
<b>Net book value</b>						
At 31 December 2021	3,325	1,710	803	3,352	193	9,383
At 31 December 2020	3,958	1,833	623	4,354	264	11,032

# Mount Nelson Hotel Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 10. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	106	138
Goods for resale	98	117
	<u>204</u>	<u>255</u>

### 11. Debtors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	173	38
Other debtors	7	25
Amounts owed by group undertakings	4,985	5,074
Prepayments and accrued income	122	125
Deferred tax asset (note 14)	756	688
	<u>6,043</u>	<u>5,950</u>

As at 31 December 2021, the Company has a loan receivable of £214,000 (2020: £208,000) from Fraser's Helmsley's Properties (Pty) Ltd. which is included in amounts owed by group undertakings. The loan pays an average rate of 4.5 % (2020: 6.75%) and there are no fixed repayment terms. The loan will not be recalled in the foreseeable future. Additionally, the Company has a loan receivable of £4,753,000 (2020: £4,863,000) from Belmond Management Ltd which does not bear interest and is not expected to be recalled in the foreseeable future. As at 31 December 2021, the Company has a loan receivable of £15,000 from Belmond (UK) Ltd (2020: loan payable see note 13). No interest is charged on this loan and there is no fixed terms of repayment.

### 12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	229	101
Amounts owed to group undertakings	2,984	3,079
Accruals	493	308
Deferred income	849	1,133
	<u>4,555</u>	<u>4,621</u>

## Mount Nelson Hotel Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 12. Creditors: amounts falling due within one year (continued)

As at 31 December 2021 and 2020, the Company has loans payable to Mount Nelson Commercial Properties (Pty) Ltd and Mount Nelson Residential Properties (Pty) Ltd of £1,430,000 (2020: £1,483,000) and £688,000 (2020: £731,000) respectively, which bear interest at 4.5% (2020: 6.75%) and 4% (2020: 6. %) respectively and are included in amounts owed to group undertakings. There are no fixed repayment terms on these loans.

The Company has a balance owed to Horatio Properties Ltd of £866,000 (2020: £866,000) which does not bear interest and is repayable on demand.

#### 13. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	5,696	3,879
	<u>5,696</u>	<u>3,879</u>

As at 31 December 2021 the Company has a loan payable to Belmond Ltd of 2,797,000 (2020: £2,827,000) which is included in the amounts owed to group undertakings. The loan attracts interest at 1 month Libor +0.75%. The loan is repayable by November 2026.

The Company also has a loan payable to Belmond Dollar Treasury Ltd of £2,898,000 (2020: 1,001,000), the loan attracts interest at 1 month US Libor + 0.75%. The loan and interest are repayable on 1 January 2027.

As at 31 December 2020, the Company had a loan payable of £50,000 (loan receivable as at 31 December 2021 see note 11). No interest is charged on this loan and there is no fixed terms of repayment.

#### 14. Deferred tax (asset)/ liability

	2021 £'000	2020 £'000
At 1 January deferred tax (asset)/ liability	(688)	(354)
(Credit)/charge to the profit and loss account	(68)	(334)
At 31 December deferred tax (asset)/ liability	<u>(756)</u>	<u>(688)</u>

## Mount Nelson Hotel Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 14. Deferred tax (asset)/ liability (continued)

##### Deferred tax

Deferred tax is provided as follows:

	2021 £'000	2020 £'000
Decelerated capital allowances	(756)	(688)
Tax losses	-	-
Deferred tax (asset)/liability	<u>(756)</u>	<u>(688)</u>

The deferred tax asset, for both 2021 and 2020, is a result of capital allowances in excess of depreciation.

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

#### 15. Called-up share capital and reserves

	2021 £'000	2020 £'000
Allotted, called-up and fully-paid 1,602,000 ordinary shares of £1 each	<u>1,602</u>	<u>1,602</u>

Called-up share capital represents the nominal value of shares that have been issued.

The capital reserve is a capital contribution from shareholders received in a previous year. It cannot be distributed except as out of future profits, after the recovery of all the Company's retained losses.

The profit and loss reserve represents cumulative profits or losses including net exchange differences on the retranslation of foreign operations.

The company has one class of ordinary share which does not have a right to fixed income.

#### 16. Capital commitments

	2021 £'000	2020 £'000
Expenditure authorised and contracted for property, plant & equipment	<u>52</u>	<u>164</u>



## Mount Nelson Hotel Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2021

#### 17. Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Within one year	134	144
Within two to five years	-	-
After five years	-	-
	<u>134</u>	<u>144</u>

#### 18. Employee benefits

##### Defined contribution pension plan

The Company operates a defined contribution plan (Tourism, Hospitality & Catering Pension Fund, registered with the Pension Funds Act 1956). Total defined contribution pension charge recorded in the profit and loss account for the year was £80,000 (2020: £115,000).

#### 19. Related party transactions

The Company is a wholly-owned subsidiary undertaking and has taken advantage of the exemption available under section 33.1A of FRS 102 "Related Party Disclosures" not to disclose transactions with wholly-owned group entities or investees of the group qualifying as related parties.

#### 20. Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.