

Notes to the Company financial statements

forming part of the Company financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU, and as applied in accordance with the Companies Act 2014.

Significant accounting policies specifically applicable to these individual Company financial statements and which are not reflected within the accounting policies for the Group consolidated financial statements are detailed below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for in these individual Company financial statements on the basis of the direct equity interest, rather than on the basis of the reported results and net assets of investees. Investments in subsidiaries are carried at cost less impairment.

Share-based payments in respect of employees in subsidiaries are accounted for as an increase in the cost of investments in subsidiaries.

(ii) Intra-group guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

2 INVESTMENTS IN SUBSIDIARIES

	2017 €'000	2016 €'000
Investments in subsidiaries at initial fair value	40,000	40,000
Accumulated cost of share-based payments in respect of subsidiaries	2,519	1,350
	42,519	41,350

Details of subsidiary undertakings are included in note 26 of the consolidated financial statements.

3 TRADE AND OTHER RECEIVABLES

	2017 €'000	2016 €'000
Prepayments	108	65
Value added tax	8	216
	116	281

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4 AMOUNTS OWED BY SUBSIDIARIES

	2017 €'000	2016 €'000
Amounts owed by subsidiaries	730,234	700,450
	730,234	700,450

Amounts owed by subsidiaries are non-interest bearing and are repayable on demand.

5 CASH AND CASH EQUIVALENTS

	2017 €'000	2016 €'000
Cash at bank and in hand	849	11,909
Money-market funds	-	31,479
	849	43,388

6 TRADE AND OTHER PAYABLES

	2017 €'000	2016 €'000
Trade payables	82	8
Accruals	2,154	2,210
Payroll taxes	218	63
Amounts due to subsidiary undertakings	16,731	5,223
	19,185	7,504

Amounts due to subsidiaries are non-interest bearing and are repayable on demand.

7 LOANS AND BORROWINGS, AND DERIVATIVES

Details of loans and borrowings, and derivative financial instruments, are given in notes 13, 20 and 22 of the consolidated financial statements.

Profit or loss for the Company for the year ended 31 December 2017 includes foreign exchange gains of €7.2 million (2016: €26.6 million) on loans and borrowings which are accounted for through other comprehensive income in the consolidated financial statements.

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8 SHARE CAPITAL AND PREMIUM

At 31 December 2017

Authorised share capital	Number	€'000
Ordinary shares of €0.01 each	10,000,000,000	100,000
Allotted, called-up and fully paid shares	Number	€'000
Ordinary shares of €0.01 each	183,680,964	1,837
Share premium		503,113

At 31 December 2016

Authorised share capital	Number	€'000
Ordinary shares of €0.01 each	10,000,000,000	100,000
Allotted, called-up and fully paid shares	Number	€'000
Ordinary shares of €0.01 each	182,966,666	1,830
Share premium		503,113

All ordinary shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2017, the shares awarded under the 2014 Long Term Incentive Plan vested resulting in the issuance of 714,298 shares of €0.01 per share. Further details in relation to the vesting of these awards and the long-term incentive plans operated by the Group are disclosed in note 7 of the consolidated financial statements.

9 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Money-market funds (note 5) are measured at fair value and are categorised as a Level 1 fair value.

The carrying value of the Company's other financial assets and liabilities are a reasonable approximation of their fair value.

Relevant disclosures on the Group's financial instruments and risk management policies are given in note 22 of the consolidated financial statements.

Notes to the Company financial statements

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10 COMPANY RELATED PARTY DISCLOSURES

Under IAS 24 *Related Party Disclosures*, the Company has related party relationships with Directors of the Company, and with its subsidiary undertakings (see note 24 of the consolidated financial statements).

Remuneration of key management

Key management is defined as the Directors of the Company. The compensation of key management personnel is set out in the Remuneration Committee Report on pages 78 to 89 and note 24 of the consolidated financial statements.

Transactions with related parties

During the year ended 31 December 2017, the Company charged fees amounting to €3.7 million (2016: €2.9 million) to its subsidiary undertakings for services provided during the year.

11 COMMITMENTS

Section 357 Companies Act 2014

Dalata Hotel Group plc, as the parent company of the Group and for the purposes of filing exemptions referred to in Section 357 of the Companies Act 2014, has entered into guarantees in relation to the liabilities of Republic of Ireland registered subsidiary companies which are listed below.

- Suvanne Management Limited
- Carasco Management Limited
- Heartside Limited
- Palaceglen Limited
- Songdale Limited
- Amelin Commercial Limited
- DHG Burlington Road Limited
- Dalata Support Services Limited
- Bernara Commercial Limited
- Adelka Limited
- DS Charlemont Limited
- DHG Barrington Limited
- Vizmol Limited
- Fonteyn Property Holdings No. 2 Limited
- DHG Dalton Limited
- Sparrowdale Limited
- Cavernford Designated Activity Company
- Candlevale Limited
- DHG Arden Limited
- Merzolt Limited
- Pondglen Limited
- Bayvan Limited
- Lintal Commercial Limited
- Dalata Management Services Limited
- Pillo Hotels Limited
- Loadbur Limited
- DHG Cordin Limited
- Leevlan Limited
- Swintron Limited
- Fonteyn Property Holdings Limited
- DT Sussex Road Operations Limited
- DHG Eden Limited
- Galsay Limited

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11 COMMITMENTS (continued)

Rent guarantee

At 31 December 2017, the Company has undertaken to guarantee the obligations of its subsidiaries in relation to the following.

Property	Subsidiary	Term (years)	Term remaining (years)
Lease			
Clayton Hotel Burlington Road	DHG Burlington Road Limited	25	23.9
The Gibson Hotel	Galsay Limited	35	35.0
Clayton Hotel Cardiff	Dalata UK Limited	35	34.4
Maldron Hotel Smithfield	Anora Commercial Limited	25	24.1
Clayton Hotel Birmingham	Hotel La Tour (Birmingham) Limited	35	34.6
Agreement for Lease			
Maldron Hotel Newcastle	Dalata Cardiff Limited	35	35.0
Maldron Hotel Glasgow	Dalata Cardiff Limited	35	35.0
Clayton Hotel Glasgow	Dalata Cardiff Limited	35	35.0
Clayton Hotel Manchester	Dalata Cardiff Limited	35	35.0

12 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 26 February 2018.