Company Registration No. 3225754

RF Hotels Limited

Report and Financial Statements

30 April 2013

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RF Hotels Limited

Report and financial statements 30 April 2013

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RF Hotels Limited

Report and financial statements 30 April 2013

Officers and professional advisers

Directors

The Hon Sir Rocco J V Forte
The Hon Mrs Olga M L A Polizzi Di Sorrentino
Richard Power

Secretary

Richard Power (resigned 30 August 2012)

Registered office

70 Jermyn Street
London SW1Y 6NY

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Forsters LLP
31 Hill Street
London
W1J 5LS

Auditor

BDO LLP
55 Baker St
London
W1U 7EU

RF Hotels Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2013

Principal activity

The principal activity of the Company is the management of hotels

Results for the year

The Company's loss after taxation for the year was £35,000 (2012 profit of £90,000)

Directors

The names of the current directors of the Company are stated on page 1, all of whom served throughout the year except as noted

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

Approved by the Board of Directors

and signed on behalf of the Board

The Hon Sir Rocco J V Forte

Director

RF Hotels Limited

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law 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) 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 judgements and accounting estimates that are reasonable and prudent, 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 RF Hotels Limited

We have audited the financial statements of RF Hotels Limited for the year ended 30 April 2013 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2013 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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern The Company is a subsidiary of the Rocco Forte & Family Limited Group and relies on financial support from its parent company The Group has separate financing arrangements for one of its Italian subsidiaries, however, financial progress with this subsidiary has been slower than required to meet all the conditions of its existing facilities As a result, the long term financing arrangements are currently being renegotiated with the Italian lender In the event that revised long term facilities are not agreed with the Italian lender, this may give rise to Bank of Scotland exercising their rights due to an event of default under the Group's facilities These conditions, along with the other matters explained in note 1 to the financial statements, give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Independent auditor's report to the members of RF Hotels Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of small companies exemptions in preparing the director's report

BDO LLP

Stuart Collins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
4th November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

RF Hotels Limited

Profit and Loss Account
Year ended 30 April 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	2,422	2,601
Administrative expenses		(2,367)	(2,402)
Operating profit	3	55	199
Interest receivable and similar income	5	9	28
Interest payable and similar charges	5	(99)	(137)
(Loss) / profit on ordinary activities before taxation		(35)	90
Tax on (loss) / profit on ordinary activities	6	-	-
(Loss) / profit for the year on ordinary activities after taxation	13	(35)	90

The Company has no recognised gains and losses for the year and the previous year other than the loss for the year Accordingly, no statement of total recognised gains and losses is presented All amounts relate to continuing activities

RF Hotels Limited
Company Registration No. 3225754

Balance sheet
As at 30 April 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	7	178	176
Investments	8	650	650
		828	826
Current assets			
Stock	9	26	33
Debtors due within one year	10	6,274	7,705
Cash		783	84
		7,083	7,822
Creditors amounts falling due within one year	11	(11,737)	(12,439)
Net current liabilities		(4,654)	(4,617)
Total assets less current liabilities		(3,826)	(3,791)
Net liabilities		(3,826)	(3,791)
Capital and reserves			
Called up share capital	12	616	616
Profit and loss account	13	(4,442)	(4,407)
Shareholder's deficit	14	(3,826)	(3,791)

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4th November 2013

The Hon Sir Rocco J V Forte

Director

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

1 Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards and law

Basis of preparation· going concern

The Company reports net liabilities, net current liabilities and losses for the year and therefore relies on financial support from its parent company, Rocco Forte & Family Limited The parent company has indicated that it will continue to provide financial support as necessary for the foreseeable future to ensure the Company can meet all liabilities as they fall due

The Group's banking facilities with the Bank of Scotland are in place until June 2015 The Group has separate financing arrangements for one of its Italian subsidiaries, however, financial progress with this subsidiary has been slower than required to meet all the conditions of its existing facilities As a result, the long term financing arrangements relating to the Italian subsidiary are currently being renegotiated with its Italian lender As described in note 17 the Company is party to a group loan facility with Bank of Scotland In the event that revised long term facilities are not agreed, this may give rise to Bank of Scotland exercising their rights due to an event of default under the Group's facilities These conditions give rise to a material uncertainty related to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern

By reflecting the Group's anticipated successful renegotiations and consequent impact on the Group's Bank of Scotland financing arrangements on a proforma basis as at 30 April 2013, the Company would have returned to a net current asset position of £3 7m

Discussions are proceeding with the Italian lender in a positive fashion and currently indicate that a long term financing solution will be achieved Therefore, given the constructive ongoing discussions, the strong relationships that exist with the Group's banks and taking account of all options available to the Group, the directors have the reasonable expectation that the Group and the Company will have the resources required to continue as a going concern As such, the directors continue to adopt the going concern basis in preparing the annual report and accounts

Exemption from preparation of group accounts

The Company has taken advantage of section 400 of the Companies Act 2006 and elected not to prepare consolidated accounts as it is included in the consolidated accounts of a larger group Accordingly these financial statements show company only results and not those of the group

Cash flow statement

Under the provisions of FRS 1 (Revised) Cash Flow Statements, the Company has not prepared a cash flow statement because its ultimate parent company, Rocco Forte & Family Limited, prepares consolidated accounts The cash flows of the Company are included in the consolidated cash flow statement

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment Leasehold improvements are depreciated evenly at 20%-33% per annum as considered appropriate to their estimated useful economic lives Office equipment and computers are depreciated evenly at rates between 7% per annum and 33% per annum as considered appropriate to their estimated useful economic lives It is the Company's policy not to provide depreciation on assets in the course of construction

Investments

Fixed asset investments are shown at cost less provisions for impairment in accordance with FRS11

Taxation

Corporation tax payable is provided on taxable profits at the current rate of taxation Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax balances are not discounted

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term

Turnover

Turnover, which excludes Value Added Tax, represents amounts receivable for hotel management services provided in the normal course of business Turnover is recognised as the services are provided

Stocks

Stocks are stated at the lower of cost and net realisable value Provisions are made for obsolete or slow-moving items where appropriate

Employee Benefit Trust

The Company is a sponsor of the RF Hotels Limited Employee Benefit Trust The terms of the Trust allow the trustees to provide benefits to employees of the Group as the trustees may in their discretion decide The assets and liabilities of the Trust are recognised as assets and liabilities of the Company and the investment by the Company in the shares of its parent undertaking under the terms of the Trust is included within fixed asset investments

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

1. Accounting policies (continued)

Related party disclosures

As a subsidiary undertaking of Rocco Forte & Family Limited, the Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose transactions with other wholly owned members of the group headed by Rocco Forte & Family Limited

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

2 Turnover

All results derive from the provision of hotel management services, 20% (2012 23%) of turnover is attributable to activities outside the UK

3 Operating profit

Operating profit is stated after charging

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets		
- owned	79	127
Operating lease charges		
- land and buildings	319	288
Auditor's remuneration for		
- audit services	9	9

4 Directors' remuneration

The remuneration of the directors was as follows

	2013 £'000	2012 £'000
Executive directors	218	209

The highest paid director received £99,000 (2012 £99,000)

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

5 Interest

Interest receivable and similar income

Interest receivable for the year was received from other group entities

Interest payable and similar charges

	2013 £'000	2012 £'000
Bank charges	99	137

6 Tax on (loss) / profit on ordinary activities

Tax charge for the year comprises

	2013 £'000	2012 £'000
UK corporation tax at 23 92% (2012 25 8%)	-	-
Deferred tax	-	-
Total tax charge	-	-

There are no recognised deferred tax assets or liabilities as at 30 April 2013 (30 April 2012 £nil)

There are unprovided deferred tax assets as at 30 April 2013 as follows

	2013 £'000	2012 £'000
Accelerated capital allowances	71	76
Tax losses available	-	-
Short-term timing differences	242	144
Unprovided deferred tax asset	312	220

6 Tax on (loss) / profit on ordinary activities (continued)

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

	2013 £'000	2012 £'000
(Loss) / profit on ordinary activities before tax	(35)	90
Tax at 23 92% (2012 25 84%)	(8)	23
Effects of		
Depreciation in excess of capital allowances	-	9
Expenses not deductible for tax purposes	38	61
Other short term timing differences	108	127
Utilisation of tax losses and tax losses carried forward	-	(96)
Group relief claimed	(138)	(124)
Current tax charge for the year	-	-

7 Tangible fixed assets

	Leasehold improve-ments £'000	Office equipment and computers £'000	Total £'000
Cost			
At 1 May 2012	122	673	795
Additions	-	81	81
At 30 April 2013	122	754	876
Accumulated depreciation			
At 1 May 2012	121	498	619
Charge for the year	1	78	79
At 30 April 2013	122	576	698
Net book value			
At 30 April 2013	-	178	178
At 30 April 2012	1	175	176

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

8 Fixed asset investments

	£'000
Cost	
At 1 May 2012 and 30 April 2013	650
Investment in group undertaking	2
Investment in parent company shares	648
	650

The Company has investments in the following group undertakings

	Country of incorporation or principal business address	Principal activity	Holding and voting %
RF Hotels Italy Services SRL	Italy	Hotel Management	5 0
Rocco Forte & Family (Hotel Management) SAE	Egypt	Hotel Management	0 5

In addition, the Company is sponsor of the RF Hotels Limited Employee Benefit Trust, established by a settlement deed dated 23 October 2001 The terms of the Trust allow the trustees to provide benefits to employees of the Group as the Trustees may in their discretion decide At 30 April 2013, the Trust held 381,667 shares in the Company's parent undertaking, Rocco Forte & Family Limited (2012 381,667 shares) In accordance with UITF 32 "Employee benefit trusts and other intermediate payment arrangements", the assets and liabilities of the RF Hotels Limited Employee Benefit Trust are recognised as assets and liabilities of the Company

9. Stock

	2013 £'000	2012 £'000
Food and beverages	26	31
Operating equipment	-	2
	26	33

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

10 Debtors due within one year

	2013 £'000	2012 £'000
Trade debtors	51	24
Amounts owed by group undertakings	5,715	7,278
Amounts owed by related parties (note 16)	228	222
Prepayments and accrued income	280	181
	6,274	7,705

11. Creditors amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans	8,377	9,732
Amounts owed to group undertakings	605	96
Trade creditors	504	495
Other taxation and social security	367	153
Accruals and deferred income	1,843	1,862
Other creditors	41	101
	11,737	12,439

The loan is secured (through fixed and floating charges) on all the UK assets of the Group and on all investments in overseas entities, except where specific security is given to other lenders

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

12. Called up share capital

	2013 £'000	2012 £'000
Called up, allotted and fully paid		
615,797 ordinary shares of £1 each	616	616

13. Profit and loss account

	£'000
At 1 May 2012	(4,407)
(Loss) / profit for the year	(35)
At 30 April 2013	(4,442)

14 Reconciliation of movements in shareholder's deficit

	2013 £'000	2012 £'000
(Loss) / profit for the year	(35)	90
Net (increase) / decrease in shareholder's deficit	(35)	90
Opening shareholder's deficit	(3,791)	(3,881)
Closing shareholder's deficit	(3,826)	(3,791)

15 Operating lease commitments

At 30 April 2013 the Company had annual operating lease commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2013 £'000	2012 £'000
Operating leases which expire		
In the second to fifth years	286	312

RF Hotels Limited

Notes to the accounts

Year ended 30 April 2013

16 Related party transactions

During the year the Group carried out transactions with the following related party

	Sir Rocco Forte Limited	
	2013	2012
	£'000	£'000
Balance sheet		
Amounts receivable from related party	228	222
Profit and loss account:		
Recharged expenses receivable from related party	9	8
Intellectual property fees payable to related party	(368)	(372)

The Company's ultimate parent company has a participating interest in the above company The Company has taken advantage of the exemption contained in paragraph 3(c) of Financial Reporting Standard No 8, not to disclose transactions with other wholly owned members of the group

17. Contingent liabilities

The Company is party to a group loan facility over which the Group's bankers have a cross guarantee secured by way of a fixed and floating charge on all the assets of the group companies The amount outstanding on this facility at 30 April 2013 was £248,387,698 (2012 £247,462,131)

18 Ultimate parent company and controlling party

The Company's immediate and ultimate parent company is Rocco Forte & Family Limited This is also the largest and the smallest group in which the results of the Company are consolidated Copies of the Group financial statements of Rocco Forte & Family Limited are publicly available The Hon Sir Rocco Forte, a director of Rocco Forte & Family Limited, and members of his close family, control the Company as a result of controlling directly or indirectly 99% of the issued share capital of Rocco Forte & Family Limited (2012 99%)