

RF Hotels Limited

Report and Financial Statements

Year ended 30 April 2014

Company Number 3225754

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RF Hotels Limited

Report and financial statements for the year ended 30 April 2014

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Directors

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

Registered office

70 Jermyn Street, London, SW1Y 6NY

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

Bank of Scotland, The Mound, Edinburgh, EH1 1YZ

Solicitors

Forsters LLP, 31 Hill Street, London, W1J 5LS

RF Hotels Limited

Report of the Directors for the year ended 30 April 2014

The Directors present their annual report and the audited financial statements for the year ended 30 April 2014.

Directors

The Directors of the company, all of whom served throughout the year were:

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

Results and dividends

The Company's loss after taxation for the year was £53k (2013 loss of £35k). The Directors do not propose the payment of a dividend (2013 - £Nil).

Review of operations

The principal activity of the Company is the management of hotels in the UK and Russia. Revenue of the Company was £2.8m in the year, up 15% on the previous year (2013 - £2.4m).

Development of the business

The Company managed a portfolio of following hotels during the year under review:

The Angleterre, St Petersburg
Hotel Astoria, St Petersburg

Balmoral Hotel, Edinburgh
The Lowry Hotel, Manchester *

* Subsequent to the year end, the Group sold The Lowry Hotel in Manchester on 3 September 2014.

The Directors' strategy is to enhance the value and return of its existing portfolio of properties, whilst pursuing further expansion of the Rocco Forte brand in key international locations, primarily through management contracts or operating leases.

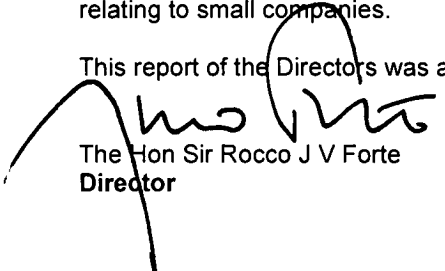
Provision of information to auditor

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.

This report of the Directors was approved on behalf of the Board by:



The Hon Sir Rocco J V Forte
Director

RF Hotels Limited

Directors' responsibilities

The Directors are responsible for preparing the report of the Directors 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;
- 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.

RF Hotels Limited

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 2014 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 statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 2014 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.

RF Hotels Limited

Independent auditor's report (*continued*)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

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

6 March 2015

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

RF Hotels Limited

Profit and loss account for the year ended 30 April 2014

	Note	2014 £'000	2013 £'000
Turnover	2	2,792	2,422
Administrative expenses		(2,767)	(2,367)
Operating profit	3	25	55
Interest receivable from Group undertakings		34	9
Bank charges		(112)	(99)
Loss on ordinary activities before taxation		(53)	(35)
Tax on loss on ordinary activities	5	-	-
Loss for the year on ordinary activities after taxation	12	(53)	(35)

There are no recognised gains or losses in the periods other than the profit for the year and the prior year.
All activities are in respect of continuing operations.

The notes on pages 7 to 14 form part of these financial statements.

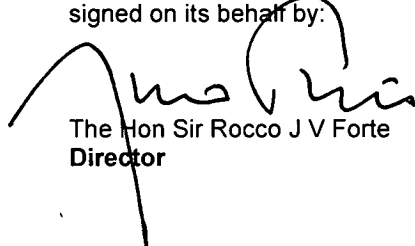
RF Hotels Limited
Company number 3225754

Balance sheet at 30 April 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets	6		598		178
Investments	7		650		650
			<u>1,248</u>		<u>828</u>
Current assets					
Stock	8	26		26	
Debtors due within one year	9	2,914		6,274	
Debtors due after more than one year	9	1,279		-	
Cash		881		783	
		<u>5,100</u>		<u>7,083</u>	
Creditors: amounts falling due within one year	10	(10,227)		(11,737)	
Net current liabilities including debtors due after more than one year			<u>(5,127)</u>		<u>(4,654)</u>
Net liabilities			<u>(3,879)</u>		<u>(3,826)</u>
Capital and reserves					
Called up share capital	11		616		616
Profit and loss account	12		(4,495)		(4,442)
Shareholders' deficit	13		<u>(3,879)</u>		<u>(3,826)</u>

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 by the Board and authorised for issue on 6 March 2015. They were signed on its behalf by:


The Hon Sir Rocco J V Forte
Director

The notes on pages 7 to 14 form part of these financial statements.

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014

1 Accounting policies

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

At the year end, the Group of which the Company is part had banking facilities with Bank of Scotland (BOS) in place until June 2015. However on the same day these financial statements were signed the Group signed a new facility agreement with BOS which provides appropriate and sufficient financing for the Group until 2020. On this basis, the Directors believe that the Group and thereby the Company are able to continue to trade and settle all liabilities as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Investments

Fixed asset investments are shown at cost less provisions for impairment in accordance with FRS 11 'Impairment of fixed and goodwill'.

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 1996) "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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Leasehold improvements are depreciated evenly at 10%-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.

RF Hotels Limited
Notes forming part of the financial statements
for the year ended 30 April 2014 (continued)

1 Accounting policies (continued)

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 VAT, represents amounts receivable for hotel management services provided in the normal course of business. Turnover is recognised as the services are provided.

Stock

Stock is 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.

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.

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014 (*continued*)

2 Turnover

All results derive from the provision of hotel management services. 21% (2013 - 20%) of turnover is attributable to activities outside the UK.

3 Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets - owned	110	79
Operating lease charges - land and buildings	316	319
Auditor's remuneration for audit services	9	9
	<hr/>	<hr/>

4 Directors' remuneration

The remuneration of the Directors was £284k (2013 - £218k). The highest paid Director received £115,000 (2013 - £99,000).

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014 (*continued*)

5 Tax on loss on ordinary activities

There was no tax payable for the year (2013 – nil).

There are no recognised deferred tax assets or liabilities as at 30 April 2014 (2013 - £Nil).

There are unprovided deferred tax assets as at 30 April 2014 as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	56	71
Tax losses available	56	-
Short-term timing differences	145	242
	<hr/>	<hr/>
Unprovided deferred tax asset	257	312
	<hr/>	<hr/>

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

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(53)	(35)
	<hr/>	<hr/>
Tax at 22.84% (2013 - 23.92%)	(12)	(8)
Effects of:		
Depreciation in excess of capital allowances		-
Expenses not deductible for tax purposes	42	38
Other short term timing differences	(93)	108
Utilisation of tax losses and tax losses carried forward	63	-
Group relief claimed		(138)
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

RF Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2014 (*continued*)

6 Tangible fixed assets

	Leasehold improvements £'000	Office equipment and computers £'000	Total £'000
<i>Cost</i>			
At 1 May 2013	122	754	876
Additions	-	530	530
	<hr/>	<hr/>	<hr/>
At 30 April 2014	122	1,284	1,406
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 May 2013	122	576	698
Charge for the year	-	110	110
	<hr/>	<hr/>	<hr/>
At 30 April 2014	122	686	808
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 April 2014	-	598	598
	<hr/>	<hr/>	<hr/>
At 1 May 2013	-	178	178
	<hr/>	<hr/>	<hr/>

7 Fixed asset investments

	£'000
<i>Cost</i>	
At 1 May 2013 and 30 April 2014	650
	<hr/>
Investment in Group undertaking	2
Investment in parent company shares	648
	<hr/>
	650
	<hr/>

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014 (continued)

7 Fixed asset investments (continued)

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 2014, the Trust held 381,667 shares in the Company's parent undertaking, Rocco Forte & Family Limited (2013 - 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.

8 Stock

	2014 £'000	2013 £'000
Food and beverages	26	26

9 Debtors

	2014 £'000	2013 £'000
Amounts due within one year:		
Trade debtors	19	51
Amounts owed by Group undertakings	2,339	5,715
Amounts owed by related parties (note 15)	230	228
Prepayments and accrued income	326	280
	2,914	6,274
	2014 £'000	2013 £'000
Amounts due after one year:		
Amounts owed by Group undertakings	1,279	-

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014 (continued)

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans	7,447	8,377
Amounts owed to Group undertakings	694	605
Trade creditors	589	504
Other taxation and social security	170	367
Accruals and deferred income	1,318	1,843
Other creditors	9	41
	<u>10,227</u>	<u>11,737</u>

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.

11 Called up share capital

	2014 £'000	2013 £'000
615,797 ordinary shares of £1 each in issue	<u>616</u>	<u>616</u>

12 Profit and loss account

	£'000
At 1 May 2013	(4,442)
Loss for the year	(53)
	<u>(4,495)</u>
At 30 April 2014	<u>(4,495)</u>

13 Reconciliation of movements in shareholder's deficit

	2014 £'000	2013 £'000
Loss for the year	(53)	(35)
	<u>(53)</u>	<u>(35)</u>
Net increase in shareholder's deficit	(53)	(35)
Opening shareholder's deficit	(3,826)	(3,791)
	<u>(3,879)</u>	<u>(3,826)</u>
Closing shareholder's deficit	(3,879)	(3,826)

RF Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2014 (continued)

14 Operating lease commitments

At 30 April 2014 the Company had annual operating lease commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Operating leases which expire:		
In the second to fifth years	286	286

15 Related party transactions

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

	Sir Rocco Forte Limited	
	2014 £'000	2013 £'000
Balance sheet:		
Amounts receivable from related party	230	288
Profit and loss account:		
Recharged expenses receivable from related party	16	9
Intellectual property fees payable to related party	(370)	(368)

The Company's ultimate controlling party has a participating interest in the above company.

16 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 2014 was £234,165,750 (2013 - £248,387,698).

17 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 JV 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 (2013 - 99%).