

Company Registration No. 4045930

**Sir Rocco Forte & Family (Hotel
Management) Limited**

Report and Financial Statements

30 April 2005



Sir Rocco Forte & Family (Hotel Management) Limited

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

Sir Rocco Forte & Family (Hotel Management) Limited

Report and financial statements 2005

Officers and professional advisers

Directors

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

Secretary

The Hon. Sir Rocco J V Forte (resigned 31 May 2005)
David Howard Munns (appointed 31 May 2005)

Registered office

Savannah House
11 Charles II Street
London
SW1 4QU

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh EH2 2YR

Solicitors

Withers LLP
16 Old Bailey
London EC4M 7EG

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Sir Rocco Forte & Family (Hotel Management) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2005.

Principal activity

The principal activity of the company is the management of hotels. The directors expect current levels of activity to continue.

Results and dividends


The company's profit after taxation for the 2005 was £126,000 (2004 – £965,000).

The directors propose to pay a dividend of £1,200,000 (2004 – £nil).

Directors and their interests

The names of the current directors of the company are stated on page 1, all of whom served throughout the year. No directors had any beneficial interests in the company. The interests of the directors in the share capital of Sir Rocco Forte & Family Plc are disclosed in the financial statements of that company.

Approved by the Board of Directors
and signed on behalf of the Board



The Hon. Sir Rocco Forte

Sir Rocco Forte & Family (Hotel Management) Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors report and other information included in the financial statements are prepared in accordance with company law in the United Kingdom.

Independent auditors' report to the members of Sir Rocco Forte & Family (Hotel Management) Limited

We have audited the financial statements of Sir Rocco Forte & Family (Hotel Management) Limited for the year ended 30 April 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF(UK)LLP

PKF (UK) LLP

Registered Auditors

London, UK

1 December 2005

Sir Rocco Forte & Family (Hotel Management) Limited

Profit and loss account Year ended 30 April 2005

	Notes	2005 £'000	2004 £'000
Turnover	1,2	3,357	2,853
Cost of sales		-	-
Gross profit		3,357	2,853
Administrative expenses		(2,712)	(1,628)
Operating profit	3	645	1,225
Interest receivable and similar income		1	-
Interest payable and similar charges	6	(520)	(260)
Profit on ordinary activities before taxation		126	965
Tax on loss on ordinary activities	7	-	-
Profit on ordinary activities after taxation	13	126	965
Dividends paid	8	(1,200)	-
Retained (loss) / profit for the financial year	13	(1,074)	965

The company has no recognised gains and losses for the year other than stated above. Accordingly, no statement of total recognised gains and losses has been presented. All amounts relate to continuing activities.

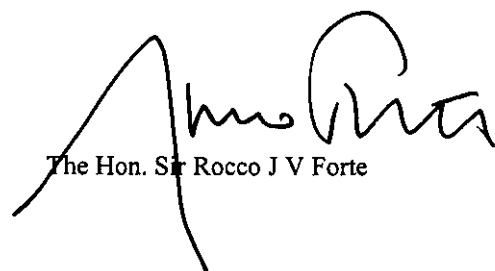
Sir Rocco Forte & Family (Hotel Management) Limited

Balance sheet 30 April 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Investments	9	683	-
		<u>683</u>	<u>-</u>
Current assets			
Debtors due after one year	10	1,932	5,032
Creditors: amounts falling due within one year	11	(1,888)	(3,231)
Net current assets		<u>44</u>	<u>1,801</u>
Total assets less current liabilities		<u>727</u>	<u>1,801</u>
Net assets		<u>727</u>	<u>1,801</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	727	1,801
Equity shareholders' funds	14	<u>727</u>	<u>1,801</u>

These financial statements were approved by the Board of Directors on 1 December 2005.

Signed on behalf of the Board of Directors



The Hon. Sir Rocco J V Forte

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

1. Accounting policies

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.

Cash flow

Under the provisions of FRS 1 (Revised): Cash Flow Statements, the company has not prepared a cash flow statement because its ultimate parent company, Sir Rocco Forte & Family plc, which is incorporated in Great Britain, prepares consolidated accounts. The cash flows of the company are included in the consolidated group cash flow statement.

Exemption from preparation of group accounts

The company has taken advantage of section 228 of the Companies Act 1985 and elected not to prepare consolidated accounts. These financial statements show the company only results and not the group.

Related party disclosures

As a subsidiary undertaking of Sir Rocco Forte & Family plc the company has taken advantage of the exemption in FRS 8: "Related Party Disclosures" not to disclose transactions with other members of the group headed by Sir Rocco Forte & Family plc.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. 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 obligation to pay more tax in that 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 profit and its results stated in the financial statement that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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.

Turnover

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

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

2. Segmental information

Geographical segmentation

	UK £'000	2005 Western Europe £'000	Total Company £'000
Turnover			
Continuing operations	490	2,867	3,357
	UK £'000	2004 Western Europe £'000	Total Company £'000
Turnover			
Continuing operations	281	2,572	2,853

All results derive from the provision of hotel management services.

3. Operating profit

	2005 £'000	2004 £'000
Operating profit is stated after charging:		
Auditors' remuneration – audit	5	12

4. Staff costs

The average monthly number of employees (including executive directors) during the year was:

	2005 No.	2004 No.
Administration	14	10
Sales	5	2
	19	12

Their aggregate remuneration comprised:

	2005 £'000	2004 £'000
Wages and salaries	1,074	778
Social security costs	124	85
	1,198	863

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts

Year ended 30 April 2005

5. Directors' remuneration

The remuneration of the directors was as follows:

	2005 £'000	2004 £'000
Executive directors	<u>468</u>	<u>309</u>

The highest paid director received £223,000 (2004 – £166,000).

6. Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable to group undertakings	<u>520</u>	<u>260</u>

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

7. Tax on profit on ordinary activities

Tax charge for the year comprises:

	2005 £'000	2004 £'000
UK corporation tax at 30% (2004: 30%)	-	-
Deferred tax:		
Origination and reversal of timing differences (credit)/charge	-	-
Total tax charge/(credit)	-	-

There are no recognised or unrecognised deferred tax assets or liabilities as at 30 April 2005 (2004 – £nil).

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:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	126	965
Tax at 30% (2004 – 30%)	38	290
Effects of:		
Expenses not deductible for tax purposes	47	14
Group relief claimed	(85)	(304)
Current tax charge for the year	-	-

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

8. Dividends proposed

	2005 £'000	2004 £'000
Final proposed dividend of £600,000 per ordinary share (2004: £nil)	1,200	-

9. Fixed asset investments

The company has investments in the following associated undertaking:

	Country of incorporation or principal business address	Principal activity	Holding and voting %
RF Hotels International Sales Limited	Switzerland	Hotel Management	100
RF Hotels Italy Services SRL	Italy	Hotel Management	95

On 22 February 2005, the company purchased 100% of the issued share capital of RF Hotels International Sales Limited (a company incorporated in Switzerland) for consideration of US\$876,000. On the same date, the company purchased 95% of the issued share capital of RF Hotels Italy Services SRL (a company incorporated in Italy) for consideration of US\$428,000. The investments were acquired from a fellow subsidiary undertaking.

	£'000
Cost	
At 1 May 2004	-
Additions	688
Exchange movements	(5)
At 30 April 2005	683

10. Debtors: due after one year

	2005 £'000	2004 £'000
Amounts owed by group undertakings	1,932	5,032

11. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due to group undertakings	1,888	3,231

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

12. Called up share capital

	2005 £	2004 £
Authorised:		
1,000 ordinary shares of £1	1,000	1,000
Called up, allotted		
2 ordinary shares of £1 each	2	2

13. Profit and loss account

	£'000
At 1 May 2004	1,801
Profit for the year	126
Dividends proposed	(1,200)
At 30 April 2005	727

14. Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	126	965
Dividends proposed	(1,200)	-
Net (decrease) / increase to shareholders' funds	(1,074)	583
Opening equity shareholder's funds	1,801	836
Closing equity shareholder's funds	727	1,801

Sir Rocco Forte & Family (Hotel Management) Limited

Notes to the accounts Year ended 30 April 2005

15. Related party transactions

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 members of the group. Balances due to or from group undertakings are disclosed in notes 10 and 11.

During the year the Company carried out transactions with the following related parties:

	Sir Rocco Forte & Family (Luxury Hotels) Limited		Sir Rocco Forte & Family (Brussels) SA	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Profit and loss account:				
Management fees receivable from related party	455	300	366	310
	<u>Browns Hotel Limited</u>		<u>Société Anonyme de l'Hotel Richemond</u>	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Profit and loss account:				
Management fees receivable from related party	-	280	276	-
Recharged expenses payable to related party	139	-	-	-

The above companies are related parties of the company as they were under the control of the Hon Sir Rocco JV Forte, a director of Sir Rocco Forte & Family plc.

16. Contingent Liabilities

The company is party to a group loan facility over which the group's bankers have a cross guarantee. The amount outstanding on this facility at 30 April 2005 was £113,661,000 (2004: £91,091,000).

17. Ultimate holding company and controlling party

The company's immediate and ultimate parent company is Sir Rocco Forte & Family plc, incorporated in Great Britain and registered in England and Wales. 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 Sir Rocco Forte & Family plc are available from Savannah House, 11 Charles II Street, London, SW1Y 4QU. The Hon. Sir Rocco Forte, a director of Sir Rocco Forte & Family plc, and members of his close family, control the company as a result of controlling directly or indirectly 98% of the issued share capital of Sir Rocco Forte & Family plc.