

Rocco Forte Hotels Limited

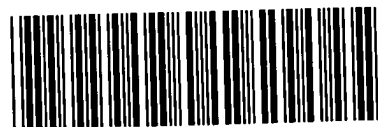
Report and Financial Statements

Year ended

30 April 2022

Company Number 3277921

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Rocco Forte Hotels Limited

Report and financial statements for the year ended 30 April 2022

Contents

Page:

1	Strategic report
7	Directors' report
9	Directors' responsibilities statement
10	Independent auditor's report
14	Consolidated statement of profit or loss
15	Consolidated statement of comprehensive income
16	Consolidated balance sheet
18	Consolidated statement of changes in equity
20	Consolidated statement of cash flows
21	Notes to the consolidated financial statements
64	Parent company financial statements

Directors

The Hon Sir Rocco J V Forte	(Chairman)
The Hon Mrs Olga MLA Polizzi Di Sorrentino	(Deputy Chairman)
Karim Naffah	(Managing Director)
Rachel Brown	(Group Finance Director)
Lady Aliai Forte*	
The Hon Mrs Giancarla Alen-Buckley*	
David Howard Nelson*	
Roberto Mendoza*	
John Walker-Haworth*	
Marco Lucchini*	
Francesco Formica*	

* Non-executive

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

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022

The Directors present their strategic report and the audited financial statements for the year ended 30 April 2022.

Principal activities of the Group

The principal activity of the Group is the ownership and operation of luxury hotels in the UK, Italy, Germany, Belgium and Russia. Despite on-going challenges due to the Covid-19 pandemic, during the financial year, the Group continued to enhance its position as one of the leading luxury hotel companies in the world. The Directors' strategy is to further develop the Rocco Forte brand by continuing to improve the performance of its existing hotels and pursuing expansion in key international locations.

At the beginning of the financial year, the Group successfully launched Villa Igiea in Palermo and opened 20 Rocco Forte Private Villas, being the first phase of a development of residential luxury villas within Verdura Resort.

During the year, the Group entered into an amicable agreement with the property owner to terminate the lease at Villa Kennedy in Frankfurt Germany, and ceased operations at the end of March 2022.

The Group comprises the following business units:

Trading businesses

- Hotel Amigo, Brussels
- The Balmoral Hotel, Edinburgh
- Brown's Hotel, London
- The Charles Hotel, Munich
- Hotel de Rome, Berlin
- Villa Kennedy, Frankfurt*
- Hotel de Russie, Rome
- The Savoy Hotel, Florence
- Verdura Resort, Sicily
- Hotel de la Ville, Rome
- Masseria Torre Maizza, Puglia
- Rocco Forte House, Rome
- Rocco Forte Private Villas, Sicily
- Villa Igiea, Palermo
- Hotel Astoria, St. Petersburg
- The Angleterre Hotel, St. Petersburg

Businesses under development

- The Carlton Hotel, Milan
- Rocco Forte House, Milan

* Villa Kennedy traded through the financial year up until March 2022

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022 (continued)

Review of operations and key performance indicators

This report covers the performance of the Group for the year ended 30 April 2022 and its overall financial position. The subsidiary companies contributing to the performance of the Group are listed in Note 14 of the financial statements.

The results for the current financial year were impacted by the Covid-19 pandemic, although to a lesser extent than the comparative year. Total revenue in the current year was £166.8m (2021: £47.4m) which was 252% above the prior year, but 33% below pre-pandemic levels for the comparable estate. Throughout the pandemic, the Group's activities were heavily curtailed by restrictions imposed on the hospitality industry.

With the lifting of most travel restrictions in the summer of 2021 there was a quick recovery in international travel and strong demand for hotel accommodation. The Group's Italian properties in particular achieved strong performances between August and November 2021. However, new restrictions at the beginning of December 2021 due to the onset of the Omicron variant temporarily interrupted the pace of recovery. As restrictions were once again eased in the final quarter of the financial year, the recovery resumed. Despite the periodic restrictions, the Group generated a positive operating cash flow result for the financial year. Overall occupancy for the Group was 39.9% in the year, excluding periods of temporary hotel closures (2021: 18.0% for the comparable estate). Towards the end of the financial year and throughout the first quarter of FY2023, the Group has seen a strong rebound in trading, underpinned by strong occupancy and increased rates.

When hospitality restrictions were in place, the Group availed itself of the various government grant and wage subsidy schemes offered in its different jurisdictions. Income in respect of government grant schemes totalled £9.1m (2021: £14.2m) and income from wage subsidy programmes totalled £1.0m (2021: £9.1m). These amounts are included within other income in the consolidated statement of profit or loss.

The Group has continued to report results on a dual basis, including pre-IFRS 16 *Leases* adjusted results to provide the Group's key stakeholders with comparable information to that which was reported historically. EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation) for the year, before the impact of IFRS 16 was £18.1m (2021: (loss) £34.4m). The reported loss after tax is £2.7m (2021: (loss) £53.4m). Excluding the impact of IFRS 16, the loss for the financial year was £4.1m (2021: £48.2m). There were no shareholder dividends in current or prior years.

The Group has traded strongly during the first quarter of FY2023 at both revenue and EBITDA levels. Revenue for the first quarter of the new financial year was 23.6% higher than the same period in the most recent pre-pandemic year (FY2020: first quarter), and 10.6% higher when considering the comparable estate and constant exchange rates for the same period. The outlook for the remainder of the financial year is currently very encouraging.

The Group maintained high levels of staff retention during the pandemic with the assistance of the various furlough schemes available in the jurisdictions in which the Group operates. As a result, there was a good nucleus of team members to support operations when demand returned. Despite the challenging labour market, the Group has performed well relative to many of our competitors in maintaining high levels of staff retention and the position has continued to improve in the new financial year.

In addition to regular review of the financial performance of the hotels, the Directors closely monitor a number of financial and non-financial performance indicators. Hotel RevPAR results are compared to peer group competitive sets. Quality and service standards are measured based on third party audits and the Group undertakes independent employee engagement surveys to measure employee satisfaction and motivation. During the year, the Group continued to report an excellent independently measured quality score at 85% and an employee engagement score of 79%. The Group continues to place a significant emphasis on positive employee engagement and launched a new engagement tool, the Happiness Index, with the first survey taking place in March 2022. This will further enhance the Group's ability to actively and positively engage with its team members.

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022 (*continued*)

Development of the business

Since its creation in 1997, the Group has developed an outstanding portfolio of hotels, a strong brand with a growing reputation and a high calibre management team. It has also developed a strong and unique culture, which reflects the family values of the business.

The Group continues to receive numerous prestigious awards and accolades. The brand was listed again in the Travel and Leisure *"Top Hotel Brands in the World"* and featured in the top 15. The majority of the Group's properties were listed in the most recent Conde Nast *'Readers Choice Awards'* and the brand featured prominently in the coveted Forbes *'2022 Travel Awards'*. Hotel de la Ville and The Savoy were recently included on the Travel + Leisure *"Top 100 Best Hotels in the World"* list for 2022.

In June 2021, the Group launched a new hotel, Villa Igia in Palermo. The hotel is owned by CDPI following a sale and leaseback transaction agreement entered before the refurbishment of this iconic Sicilian Liberty Style property, built in 1908. Despite the challenges associated with the pandemic, the property has traded well since opening. At Verdura, the Group launched 20 newly built private villas, which are available for rent. This development added 70 keys to the room stock and enhanced the offering at the resort. Shortly after the year end, Masseria Torre Maizza added a beach property to its facilities.

During the previous financial year ended 30 April 2021, the Group entered into a lease for the Carlton Hotel in Milan from its owners Reale Immobili S.p.A., who also own Hotel de la Ville and the Rocco Forte House in Rome. The hotel is strategically located in the vibrant centre of Milan on Via della Spiga, one of the city's two main shopping streets. The Group and Reale have started a major refurbishment and enlargement project to the Group's specifications to transform it into a top five-star property. The hotel is scheduled to reopen in 2023 as a Rocco Forte Hotel. Separately, the Group entered into a lease agreement to launch a Rocco Forte House in Milan, on the corner of via Manzoni and via della Spiga, which is also scheduled to open in 2023.

Following the successful completion of the first phase of Verdura Private Villas in Sicily earlier this year, plans for the next phase of development are at an advanced stage and should be finalised in the coming months.

There are a number of other properties which are at an advanced stage of negotiation and the Group hopes to make further announcements relating to new openings shortly.

Across the estate, the Group has embarked on a significant capital investment programme to refurbish its existing hotels. Most of the work will be carried out in the second half of the financial year ending 30 April 2023.

During the year, the Group agreed on an amicable basis with Longhua International, owned by the Xuhui District of Shanghai, to terminate its contract to manage the Westbund Hotel when its construction is completed.

Funding arrangements

At 30 April 2022, the Group had £265.7m (2021: £266.0m) of loans with several lending institutions in the jurisdictions in which the Group operates.

At 30 April 2022, the Group had £151.3m (2021: £147.3m) of loans with the Bank of Scotland and ICICI. This was drawn in both Euro and Sterling amounts of €133.8m and £39.1m respectively. The funding arrangements are divided into ten year facilities of €95.6m and £18.3m, repayable in 2028 and seven year facilities of €11.2m and £9.3m, repayable in 2025. In addition, under the funding arrangements the Group has a multi-currency capital development and working capital facility of £35.0m in place until 2028. At the reporting date, €27.0m and £11.5m of this facility was utilised. These facilities are secured mainly through fixed and floating charges on the UK and Belgian assets of the Group, as well as the shares in certain companies.

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022 (continued)

Funding arrangements (continued)

At 30 April 2022, the Group has separate ring-fenced financing arrangements relating to the Verdura Resort and Rocco Forte Private Villas in Sicily. These arrangements involve loans with Unicredit and BPM for €70.0m (2021: €73.1m). Verdura also has €10.0m of convertible bonds and an undrawn overdraft facility of €2.0m. These facilities are in place until April 2024 and are secured on the assets of the resort and the villas. In addition, the Group had drawn €10.7m under the funding arrangements with Invitalia relating to the Verdura Villa development (2021: €10.6m).

During the previous financial year, the Group entered into a six-year syndicated SACE facility of €43.5m with UniCredit, BPM and CDP. This funding is supported by a 90% Italian State guarantee administered by the body, SACE, established in response to the recent pandemic. This funding is ring-fenced to certain Italian operations and is supporting development activity in this jurisdiction.

The Group is party to a €5.0m revolver financing arrangement with MedioCredit Centrale (MCC) in respect of Villa Igiea. This facility matures in March 2023 and is secured by a corporate guarantee. Notwithstanding a refinancing of this facility, the Group cash flows should comfortably be able to support a repayment on maturity.

The Russia operations have a funding arrangement in place with Sberbank for an amount of RUB500m as at the year ended 30 April 2022. This facility matures in August 2025 and is secured against the Angleterre Hotel property asset. At the end of the financial year, RUB390m of the facility was unutilised.

Financial risk management

The main risks arising from the Group's financial investments relate to interest rates and foreign currency. These risks are managed by Group Finance, under the control of the Group Finance Director and within policies approved by the Board. The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to these risks.

The Group finances its investments by a mixture of cash flows from operations and short and long term borrowings from banks. The Group borrows principally in Euro, Sterling and Rubles (RUB) to match the currency of the investment and returns of the Group. The Group borrows at both floating and fixed rates of interest. It uses derivatives, where appropriate, to hedge its exposures to interest rate risk and is largely protected from any future rise in interest rates.

Under the existing arrangements, Bank of Scotland and ICICI will provide financing for the Group until 2028 and 2025 respectively. Verdura Golf and Spa Resort in Sicily has separate facilities with UniCredit and BPM which extend to 2024, and the Invitalia facility will continue to amortise until June 2031. The MCC facility for Villa Igiea is in place until 2023. The syndicated SACE facility and the Sberbank facility are in place until 2026 and 2025 respectively.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or result. Refer to Note 23 for further information of the Group's financial risk management policy.

Principal risks and uncertainties

The Directors consider the following to be the principal risks and uncertainties facing the Group:

- pandemic-related restrictions imposed on the travel and hospitality industries;
- possible economic downturn and the associated impact on domestic and international travel;
- global issues such as conflicts and disputes that could affect international travel;
- any terrorist activities that could deter international travel;
- cyber-attacks that could disrupt business continuity or compromise the integrity and security of customer and employee data;

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022 (continued)

Principal risks and uncertainties (continued)

- the ability to retain and recruit sufficient numbers of skilled team members in an increasingly competitive employment market that could affect operational continuity and profitability;
- the availability of energy and food supplies and the related costs;
- increased competition and supply in the luxury hotel market in locations where the Group operates; and
- exchange and interest rate movements (see financial risk management).

The Directors take measures to mitigate the Group's exposure to these risks on an ongoing basis. These risks and uncertainties are constantly monitored and managed through the Group's internal control processes and reporting structures. The political situation in Ukraine has affected the Russian operations; refer to Note 14 for further information.

Given the Group's strong liquidity and current trading forecast, the Directors believe that the Group and the Company have sufficient financial resources to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis. Further information on the impact to the going concern assessment is disclosed in Note 2.2 of the financial statements.

Environmental sustainability

The Group is committed to minimising the impact of its hotels on the environment and to adopting sustainable policies across all activities. Throughout the financial year, management have continued to enhance the sustainability policies of the Group. Key activities undertaken at the hotels in the financial year, include: promoting green teams; highlighting awareness amongst employees and guests; reducing the consumption of single-use plastic; implementing energy-saving solutions; and introducing waste-free options. The hotels have continued tracking various performance metrics and the Group is scheduled to publish a comprehensive Environmental, Social and Governance policy in the coming months, which will discuss the Group's response in this important area.

In accordance with the *Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)*, the Group reports on the key sustainability metrics. During the financial year, the UK properties reported energy use of 12,609,000 kWh (2021: 9,322,000), and had associated greenhouse gas emissions of 2,500 tonnes of carbon dioxide equivalent (2021: 1,900). These hotels reported a turnover operation consumption ratio in kWh/£million revenue of 361,000 (2021: 2,071,000). The turnover operations intensity ratio was 70,000 (2021: 413,000), in tCO₂e/£million revenue.

Employee engagement, recruitment and development

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees, and on the various factors affecting the performance of the Group. In January 2022, the Group launched a new employee engagement and happiness programme to better understand the opinions of staff in matters that affect them. The Group seeks to develop people and provide them with promotion opportunities wherever possible.

Rocco Forte Hotels is committed to attracting and recruiting the best talent for each role based on an individual's experience, skills and qualities in accordance with the Equalities Act 2010.

The Group's employment policies meet the relevant standards on employment of disabled people. Full and fair consideration is given to disabled applicants for employment and training and career development is encouraged on the basis of aptitude and ability. It is Group policy to retain employees who become disabled whilst in its service and to provide specialist training where appropriate.

Rocco Forte Hotels Limited

Strategic report for the year ended 30 April 2022 (*continued*)

Duty to promote the success of the Group

The Directors work to promote the success of the Group for the benefit of its members as a whole with regard to its stakeholders and to the matters set out in Section 172 of the Companies Act 2006.


The Board operates a standing rolling agenda of items aligned to the Group's operating and reporting cycles with approval, endorsement, review and monitoring functions. In discharging these functions, the Board delegates certain responsibilities to the Executive, Finance and Remuneration Committees, which report to the Board on their respective areas of focus. The Group places a high priority on positive and effective stakeholder engagement. The Group's key stakeholders are considered to be investors and debtholders, customers, suppliers, employees and the communities and environments in which the Group operates and all decisions made by the Directors consider the impact on each stakeholder group. Throughout the financial year, the Group proactively communicated the organisation's objectives and strategy to each stakeholder group.

The principal decisions made by the Board relate to the expansion and development strategy of the business as well as the Group's recovery from the challenges presented by the pandemic. During the last financial year, the Group pivoted from pandemic-related trading restrictions limiting operational activity, to servicing heightened demand with exceptionally short booking lead times. This required careful planning to ensure operational capacity was optimised and service excellence maintained. While returning to normalised trading patterns across the existing estate, the Group opened two new business units in Italy and planned for two further openings next year.

During the year, the Group agreed with lenders to limit covenant reporting obligations for the last financial year on account of the volatile trading environment and to implement a mechanism to revert to standard covenant obligation reporting in 2023. This has helped to maintain liquidity risk and to ensure the Group has an appropriate capital structure to support its future growth aspirations.

The Board's strategy and decisions have been disclosed throughout the financial statements. The Directors confirm that throughout the financial year they have acted in good faith to promote the success of the Group for the benefit of its members as a whole.

This strategic report was approved on behalf of the Board on 09 September 2022 by:



The Hon Sir Rocco J V Forte
Director

Rocco Forte Hotels Limited

Directors' report for the year ended 30 April 2022

The Directors present their annual report on the affairs of the Group, together with the accounts and the independent auditor's report for the year ended 30 April 2022.

Directors

The Directors of the Company, all of whom served throughout the year, except as noted were:

The Hon Sir Rocco J V Forte	David Howard Nelson*
The Hon Mrs Olga MLA Polizzi Di Sorrentino	Roberto Mendoza*
Karim Naffah	John Walker-Haworth*
Rachel Brown	Marco Lucchini *
Lady Aliai Forte*	Francesco Formica *
The Hon Mrs Giancarla Alen-Buckley*	

* Non-executive

Dividends

The parent company did not pay a dividend in the current or prior years.

Going concern

The Group's business activities, together with the factors likely to affect its expansion are set out in the Strategic Report on pages 1 to 6 and include details on the principal risks and uncertainties faced by the Group.

The Group has prepared the financial statements for the year ended 30 April 2022 on a going concern basis. Over the last year, trading restrictions imposed on the hospitality industry have been gradually relaxed and the Group has returned to full operational capacity and is cash generative. The Group agreed with lenders to implement a mechanism to revert to standard covenant obligation reporting in 2023, minimising future liquidity risk.

Before confirming the appropriateness of the going concern basis of preparation the Directors reviewed and considered the following interrelated factors:

- potential risks and uncertainties that may affect the Group's operating activities;
- the Group's current debt facilities provide appropriate and sufficient financing for the Group;
- the extent of banking covenant headroom over the forecast period; and
- the Group's latest cash flow forecasts for future periods. These are based on the Directors' collective view of likely trading conditions underpinned by a prudent assessment of the performance of the economies in which they will operate over that period.

Given the matters described above, the Directors believe that the Group and the Company have the resources required to settle all liabilities as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 of the Large and medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been included in the strategic report on pages 1 to 6.

Rocco Forte Hotels Limited

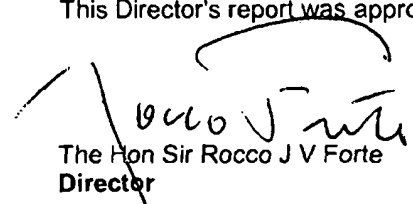
Directors' report for the year ended 30 April 2022 (*continued*)

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 Director's report was approved on behalf of the Board by:



The Hon Sir Rocco J V Forte
Director

09 September 2022

Rocco Forte Hotels Limited

Directors' responsibilities statement for the year ended 30 April 2022

The Directors are responsible for preparing the Directors' report, the Strategic 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 Group's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and prepare the Company's 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 Group and Company and of the profit or loss of the Group 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;
- state whether applicable IFRSs in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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.

Rocco Forte Hotels Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCCO FORTE HOTELS LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Rocco Forte Hotels Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 April 2022 which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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.

Rocco Forte Hotels Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Rocco Forte Hotels Limited

Independent auditor's report (*continued*)

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 these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group and Company; focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These include, but are not limited to, compliance with the Companies Act, International Accounting Standards in conformity with the requirement of the Companies Act 2006, tax legislation and local government grant legislation.
- Making enquiries of management and the Board of the Company policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Making enquires of other personnel with roles relevant to compliance with laws and regulations.
- Communicating the relevant identified laws and regulations and potential fraud risks to all engagement team members and component audit teams, and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - **Management override:** We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
 - Challenging assumptions made by management in their significant accounting estimates for indications of bias or management override;
 - Identifying and testing manual journal entries, in particular any journal entries containing characteristics of audit interest such as *manual journals to revenue, accounts receivable and cash*; and for journals which are inconsistent with the usual transactions of the Group and Company.
 - Management override in relation to revenue recognition. We evaluated the control environment pertaining to sales; specifically looking at cash collection, correlation between the hotel booking system and accounting system, and the posting of daily sales journals.
 - **Government grant claims:** We obtained a detailed understanding of the regulatory frameworks pertinent in each jurisdiction and performed substantive procedures to ensure that claims were reasonable and in compliance with such regulations.

Rocco Forte Hotels Limited

Independent auditor's report (continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in management's incentive to manipulate earnings before tax.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Mark RA Edwards
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Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 12 September 2022

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

Rocco Forte Hotels Limited

Consolidated statement of profit or loss for the year ended 30 April 2022

	Note	2022 £'000	2022 Excluding IFRS 16* £'000	2021 £'000	2021 Excluding IFRS 16* £'000
Revenue	4	166,842	166,842	47,435	47,435
Cost of sales		(78,219)	(78,219)	(34,220)	(34,220)
Gross profit		88,623	88,623	13,215	13,215
Administrative and operating expenses		(87,452)	(96,095)	(79,793)	(84,839)
Other income	5	15,497	10,477	25,625	23,312
Operating profit / (loss)		16,668	3,005	(40,953)	(48,312)
Finance income	9	33	33	45	45
Finance costs	9	(23,270)	(9,496)	(24,240)	(9,204)
Net finance costs		(23,237)	(9,463)	(24,195)	(9,159)
Loss before income tax		(6,569)	(6,458)	(65,148)	(57,471)
Income tax credit	10	3,866	2,313	11,728	9,279
Loss for the year		(2,703)	(4,145)	(53,420)	(48,192)
Loss attributable to:					
- Owners of the parent		(3,077)	(4,653)	(52,517)	(47,444)
- Non-controlling interests		374	508	(903)	(748)
Loss for the year		(2,703)	(4,145)	(53,420)	(48,192)

All results for the Group relate to continuing operations.

* Excluding IFRS 16 Leases results are included for information and comparative purposes.

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited

Consolidated Statement of comprehensive income for the year ended 30 April 2022

	Note	2022 £'000	2022 Excluding IFRS 16* £'000	2021 £'000	2021 Excluding IFRS 16* £'000
Loss for the year		(2,703)	(4,145)	(53,420)	(48,192)
Other comprehensive income / (loss):					
Items that will not be reclassified to the profit or loss					
Remeasurements on post-employment obligations	32	309	309	165	165
Items that may be subsequently reclassified to the profit or loss					
Cash flow hedges	23	8,590	8,590	1,673	1,673
Currency translation differences		4,735	4,266	(2,696)	(3,313)
Other comprehensive income / (loss) for the year		13,634	13,165	(858)	(1,475)
Total comprehensive income / (loss) for the year		10,931	9,020	(54,278)	(49,667)
Attributable to:					
- Owners of the parent		8,910	6,703	(51,533)	(46,922)
- Non-controlling interests		2,021	2,317	(2,745)	(2,745)
Total comprehensive income / (loss) for the year		10,931	9,020	(54,278)	(49,667)

* Excluding IFRS 16 Leases results are included for information and comparative purposes.

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited

Company number 3277921

Consolidated balance sheet As at 30 April 2022

	Note	2022 £'000	2022 Excluding IFRS 16* £'000	2021 £'000	2021 Excluding IFRS 16* £'000
Assets					
Non-current assets					
Property, plant and equipment	11	438,845	438,845	439,175	439,175
Right-of-use assets	12	229,587	-	303,053	-
Intangible assets	13	13,593	13,593	13,402	13,402
Investments	14	294	294	294	294
Derivative financial assets	21	1,463	1,463	180	180
Deferred tax assets	10	25,674	16,612	18,750	11,097
		709,456	470,807	774,854	464,148
Current assets					
Cash and cash equivalents	17	37,094	37,094	31,280	31,280
Trade and other receivables	16	16,314	16,314	29,089	29,089
Available-for-sale investments	14	14	14	14	14
Inventories	15	3,017	3,017	2,239	2,239
		56,439	56,439	62,622	62,622
Total assets		765,895	527,246	837,476	526,770
Liabilities					
Current liabilities					
Borrowings	20	7,419	7,419	2,300	2,300
Trade and other payables	18	62,779	62,779	64,555	64,555
Lease liabilities	22	24,232	-	25,283	-
Current tax payables		1,004	1,004	285	285
		95,434	71,202	92,423	67,140
Non-current liabilities					
Borrowings	20	258,324	258,324	263,729	263,729
Lease liabilities	22	241,358	-	314,276	-
Derivative financial liabilities	21	556	556	9,886	9,886
Non-current other payables	18	49,822	49,822	51,368	51,368
Provisions	19	692	692	601	601
Deferred tax liabilities	10	31,686	31,686	27,325	27,325
		582,438	341,080	667,185	352,909
Total liabilities		677,872	412,282	759,608	420,049

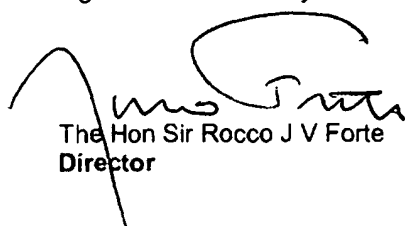
Rocco Forte Hotels Limited

Company number 3277921

Consolidated balance sheet (continued) As at 30 April 2022

	Note	2022 £'000	2022 Excluding IFRS 16* £'000	2021 £'000	2021 Excluding IFRS 16* £'000
Equity					
Equity attributable to the owners of the parent					
Share capital	24	85,611	85,611	85,611	85,611
Share premium	24	38,652	38,652	38,652	38,652
Cash flow hedge reserve	25	689	689	(7,901)	(7,901)
Foreign exchange reserve	25	9,703	8,746	6,615	6,288
EBT reserve	25	(649)	(649)	(649)	(649)
Other reserves	25	50,013	50,013	50,013	50,013
Accumulated losses		(119,720)	(93,501)	(116,952)	(89,156)
		<u>64,299</u>	<u>89,561</u>	<u>55,389</u>	<u>82,858</u>
Non-controlling interests	26	23,724	25,403	22,479	23,863
Total equity		<u>88,023</u>	<u>114,964</u>	<u>77,868</u>	<u>106,721</u>
Total equity and liabilities		<u>765,895</u>	<u>527,246</u>	<u>837,476</u>	<u>526,770</u>

The financial statements were approved by the Board and authorised for issue on 09 September 2022. They were signed on its behalf by:



The Hon Sir Rocco J V Forte
Director

* Excluding IFRS 16 Leases results are included for information and comparative purposes.

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited

Consolidated statement of changes in equity for the year ended 30 April 2022

	Share capital £'000	Share premium £'000	EBT reserve £'000	Cashflow hedge £'000	Foreign exchange reserves £'000	Other reserves £'000	Accumulated Losses £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 1 May 2021	85,611	38,652	(649)	(7,901)	6,615	50,013	(116,952)	55,389	22,479	77,868
Loss / (profit) for the year	-	-	-	-	-	-	(3,077)	(3,077)	374	(2,703)
Other comprehensive income for the year	-	-	-	8,590	3,088	-	309	11,987	1,647	13,634
Total comprehensive income / (loss) for the year	-	-	-	8,590	3,088	-	(2,768)	8,910	2,021	10,931
Dividends	-	-	-	-	-	-	-	-	(776)	(776)
Balance as at 30 April 2022	85,611	38,652	(649)	689	9,703	50,013	(119,720)	64,299	23,724	88,023

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited
Consolidated statement of changes in equity (continued)
for the year ended 30 April 2021

	Share capital £'000	Share premium £'000	EBT reserve £'000	Cashflow hedge £'000	Foreign exchange reserves £'000	Other reserves £'000	Accumulated Losses £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 1 May 2020	85,611	38,652	(649)	(9,574)	7,469	50,013	(64,600)	106,922	25,224	132,146
Loss for the year	-	-	-	-	-	-	(52,517)	(52,517)	(903)	(53,420)
Other comprehensive income / (loss) for the year	-	-	-	1,673	(854)	-	165	984	(1,842)	(858)
Total comprehensive income / (loss) for the year	-	-	-	1,673	(854)	-	(52,352)	(51,533)	(2,745)	(54,278)
Balance as at 30 April 2021	85,611	38,652	(649)	(7,901)	6,615	50,013	(116,952)	55,389	22,479	77,868

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited
Consolidated statement of cash flows
at 30 April 2022

		2022	2022	2021	2021
			Excluding		Excluding
			IFRS 16*		IFRS 16*
Note	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	27	52,835	17,231	(19,880)	(30,400)
Interest paid		(8,095)	(8,095)	(7,591)	(7,591)
Interest received		19	19	56	56
Income tax paid		(614)	(614)	-	-
Net cash generated from operating activities		44,145	8,541	(27,415)	(37,935)
Cash flows from investing activities					
Purchase of property, plant and equipment		(16,877)	(16,877)	(28,191)	(28,191)
Purchase of intangible assets		(270)	(270)	(847)	(847)
Landlord capital refurbishment contribution		8,346	8,346	8,363	8,363
Proceeds from insurance claim		528	528	6,256	6,256
Net cash used for investing activities		(8,273)	(8,273)	(14,419)	(14,419)
Cash flows from financing activities					
Repayment of borrowings		(2,498)	(2,498)	(2,379)	(2,379)
Proceeds from borrowings		9,198	9,198	59,513	59,513
Government grants		212	212	1,300	1,300
Payment of lease liabilities – interest		(17,214)	-	(6,174)	-
Payment of lease liabilities – principal		(18,390)	-	(4,346)	-
Loan arrangement fees		-	-	(1,089)	(1,089)
Dividend paid to non-controlling interest		(783)	(783)	-	-
Net cash movement relating to financing activities		(29,475)	6,129	46,825	57,345
Net increase in cash in the year		6,397	6,397	4,991	4,991
Cash and cash equivalents at beginning of year		31,280	31,280	27,266	27,266
Exchange gains on cash and cash equivalents		(583)	(583)	(977)	(977)
Cash and cash equivalents at end of year	17	37,094	37,094	31,280	31,280

* Pre IFRS 16 figures are included for information and comparative purposes.

The notes on pages 21 to 63 form part of these financial statements.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022

1 Corporate information

Rocco Forte Hotels Limited ('the Company') and its subsidiaries (together, 'the Group') own, lease and operate luxury hotels in Europe and Russia. The company is a private limited company and is incorporated and domiciled in the United Kingdom. The registered office is located at 70 Jermyn Street, London, SW1Y 6NY, United Kingdom.

2 Significant accounting policies

2.1 Basis of Preparation - Statement of Compliance

The consolidated financial statements of the Rocco Forte Hotels Group have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

These consolidated financial statements are presented in Pound Sterling (£) and rounded to the nearest thousand. They have been prepared on the historical cost basis except for certain financial instruments held at fair value.

2.2 Going concern assessment

The Group's business activities, together with the factors likely to affect its expansion are set out in the Strategic Report on pages 1 to 6 and include details on the principal risks and uncertainties faced by the Group.

The Group has prepared the financial statements for the year ended 30 April 2022 on a going concern basis. Over the last year, trading restrictions imposed on the hospitality industry have been gradually relaxed and the Group has returned to full operational capacity and is cash generative. The Group agreed with lenders to implement a mechanism to revert to standard covenant obligation reporting in 2023 with ample headroom currently forecast, minimising future liquidity risk. As at 31 July 2022, the Group had cash and cash equivalents of £67.9m.

Before confirming the appropriateness of the going concern basis of preparation the Directors reviewed and considered the following interrelated factors:

- potential risks and uncertainties that may affect the Group's operating activities;
- the Group's current debt facilities provide appropriate and sufficient financing for the Group;
- the extent of banking covenant headroom over the forecast period;
- possible economic downturn and the associated impact on domestic and international travel;
- global issues such as conflicts and disputes that could affect international travel;
- the availability of energy and food supplies and the related costs;
- increased competition and supply in the luxury hotel market in locations where the Group operates; and
- the Group's latest cash flow forecasts for future periods.

These are based on the Directors' collective view of likely trading conditions underpinned by a prudent assessment of the performance of the economies in which they will operate over that period. The Directors have also reviewed potential downside scenarios and the level of reduced trading which would result in a future potential covenant breach or liquidity issue for the Group, and consider such scenarios unlikely.

Given the matters described above, the Directors believe that the Group and the Company have the resources required to settle all liabilities as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

2 Significant accounting policies (continued)

2.3 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. The financial statements of the Group's main trading subsidiaries have been prepared to align with the Group's reporting date.

The Group has no joint ventures or associates.

2.4 Summary of significant accounting policies

Revenue

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from hotel ownership comprises amounts earned in respect of accommodation, food and beverage sales and other hotel services. Revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably. Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from hotel management services comprises gross fees earned from the management of all the hotels operated by the Group. Management fees are recognised when earned as determined by the management contract. Management fees charged to the subsidiary hotels are eliminated upon consolidation.

Interest income is recognised on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling which is the Group's presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (monthly average rates are applied where appropriate) or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and certain cash and cash equivalents balances are presented in the statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented within administrative expenses.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income. Other comprehensive income exchange differences go into a separate foreign exchange reserve.

Employee Benefit Trust

The Group has established an 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 Group. The amount of the Company's own shares held by the Employee Benefit Trust is represented by a deduction in shareholders' equity attributable to the owners of the parent.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any impairment. Assets under construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Repairs and maintenance costs are expensed as incurred. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

- Freehold buildings - 20 to 100 years
- Leasehold premises - the term of the lease
- Plant and machinery - 15 to 20 years
- Furniture, furnishings and equipment - 3 to 20 years
- Depreciation is not provided on freehold land

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between any sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Goodwill

Goodwill arises on consolidation and is recorded at cost, being the excess of the cost of acquisition over the fair value at the date of acquisition of the Group's share of identifiable assets, liabilities and contingent liabilities. Transaction costs are expensed and therefore not included in the cost of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment at least annually by comparing carrying values of cash-generating units with their recoverable amounts. Impairment losses cannot be subsequently reversed.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Intangible assets (*continued*)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group has a Brand that is deemed to have an indefinite life. This is not amortised but is tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that do not generate independent cash flows are combined into cash-generating units. If carrying values exceed their estimated recoverable amount, the assets or cash-generating units are written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses, and any subsequent reversals, are recognised in the statement of profit or loss.

Impairment is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Where permissible under IFRS, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. In the case of an equity investment classified as available for-sale, a significant or prolonged decline in fair value below cost is evidence that the asset is impaired. If an available-for-sale financial asset is impaired, the difference between original cost and fair value is transferred from equity to the statement of profit or loss to the extent of any cumulative loss recorded in equity, with any excess charged directly to the statement of profit or loss. Subsequent impairment reversals relating to previously impaired equity instruments are recorded in equity.

Financial liabilities

Financial liabilities, other than derivative financial instruments, are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability expires, is discharged or is cancelled.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. To meet this criteria, the right of offset must not be contingent on a future event and must be legally enforceable in all of the following circumstances: the normal course of business, the event of default and the event of insolvency or bankruptcy of the Group and all of the counterparties. The Group does not offset any assets and liabilities as at the reporting date.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; any directly attributable transaction costs are recognised in the statement of profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Interest arising from interest rate swaps is recorded within finance costs over the term of the agreement.

Convertible instruments

Convertible financial instruments issued by the Group comprise convertible bonds that can be converted to equity instruments.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in the profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified to the statement of profit or loss in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss.

For cash flow hedges, other than those covered by the above policy, the associated cumulative gain or loss is removed from equity and recognised in the profit or loss in the same period or periods during which the hedged forecast transaction affects the profit or loss. The ineffective part of any gain or loss is recognised immediately in the statement of profit or loss.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Cash flow hedges (*continued*)

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the statement of profit or loss.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are non-interest-bearing and are stated at their nominal value.

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities including interest. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities including accelerated capital allowances, unrelieved tax losses, fair value adjustments on hotel properties and other short-term temporary differences. Deferred tax assets are recognised to the extent that it is regarded as probable that the deductible temporary differences can be realised. The recoverability of all deferred tax assets is re-assessed at the end of each reporting period. Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled, based on rates enacted or substantively enacted at the end of the reporting period.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

Inventories

Inventories are measured at the lower of cost and net realisable value, in accordance with IAS 2 *Inventories*. Cost is based on the weighted average method. Allowance is made for obsolete or slow-moving items as required.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Bank and other interest bearing liabilities

Borrowings and other interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost. Finance charges, including the transaction costs and any discount or premium on issue, are recognised in the statement of profit or loss using the effective interest rate method.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit or loss.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on the risk free rate that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in the statement of profit or loss.

The Group recognises remeasurement gains and losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense (income) on the net defined benefit liabilities (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the profit or loss.

(iii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a payment will be made and a reliable estimate of the amount payable can be made. If the effect of the time value of money is material, the provision is discounted using a current pre-tax discount rate that reflects the risks specific to the liability.

An onerous contract provision is recognised when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

In respect of litigation, provision is made when management consider it probable that payment may occur even though the defence of the related claim may still be ongoing through the court process.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved and paid.

Leases

The Group adopted IFRS 16 *Leases* ('IFRS 16') with effect from 1 May 2019 using the modified retrospective approach to transition. The standard requires that the Group's leased assets are recorded as right-of-use assets together with their corresponding lease liabilities. The modified retrospective approach did not require comparative figures to be restated on transition and the cumulative impact was recognised as an adjustment to opening retained earnings in the year of adoption.

For leases with a lease term of more than 12 months, the Group recognises a right-of-use asset and a lease liability as at the lease commencement date. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate on the date of transition. The right-of-use asset has been measured at the present value of future lease payments at the inception date of the lease and rolled forward to the transition date.

Depreciation is recognised in operating expenses in the statement of profit or loss.

The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a modification to the lease. When the lease liability is remeasured a corresponding adjustment is made to the right-of-use asset.

Under IFRS 16 the operating lease expense previously recorded in administrative expenses has been replaced by a depreciation charge, which is lower than the operating lease expense recognised under the previous accounting standard (IAS 17), and a separate interest expense, recorded in interest payable and similar charges in the statement of profit or loss. There is no net cash flow impact arising from the adoption of the new standard.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are typically small items of IT and office equipment.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

2 Significant accounting policies (*continued*)

Leases (*continued*)

The Group made use of the practical relief for all eligible rent concessions that are a direct consequence of Covid-19, as permitted by the amendment to IFRS 16 *Leases*. Under the practical expedient, the Group is not required to assess whether eligible rent concessions are lease modifications, and instead is permitted to account for them as if they were not lease modifications by recognising the effects of the applicable concessions directly in profit or loss for the period in which they relate.

The primary statements have been presented to include comparatives without IFRS 16, prepared on the basis of the previous accounting standard, IAS 17 *Leases*. These comparatives have been included for information purposes and to illustrate the impact of adopting the standard.

New accounting standards not yet effective

The International Accounting Standards Board have issued the following standard and amendments to existing standards with an effective date for periods starting on or after the date on which these consolidated financial statements start:

- IFRS 17 *Insurance Contracts* including amendments to IFRS 17 (issued on 25 June 2020) (effective from 1 January 2023),
- Amendments to IFRS 3 *Business Combinations* for the definition of a business (effective from 1 January 2022),
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for the definition of material (effective from 1 January 2022),
- Amendments to IAS 1 for the classification of liabilities as current or non-current (effective from 1 January 2023),
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use* (effective from 1 January 2022),
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract* (effective from 1 January 2022),
- Amendments to IAS 1, IAS 8 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023),
- Amendments to IAS 12 – *Deferred tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023).

The Group does not consider any of these to have a material impact on the consolidated financial statements.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

3 Critical accounting estimates and assumptions

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies and the reported amount of revenue and expenses during the financial year. The Group evaluates its estimates and assumptions on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors it believes to be reasonable under the circumstances, which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting policies, among others, affect the Group's more significant estimates and assumptions used in preparing the consolidated financial statements. Actual results could differ from the Group's estimates and assumptions.

Impairment testing

Intangible assets, property, plant and equipment and other non-financial assets are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable. Goodwill is subject to an impairment test on an annual basis or more frequently if there are indicators of impairment. Assets that do not generate independent cash flows are combined into cash-generating units.

The impairment testing of individual assets or cash-generating units requires an assessment of the recoverable amount of the asset or cash-generating unit. If the carrying value of the asset or cash-generating unit exceeds its estimated recoverable amount the asset or cash-generating unit is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a discount rate that is based on the Group's weighted average cost of capital adjusted to reflect the risks specific to the business model and territory of the cash-generating unit or asset being tested. Hotel occupancy levels and average room rate forecasts are key indicators to the assessment. The outcome of such an assessment is subjective, and the result is sensitive to the assumed future cash flows to be generated by the cash-generating units or assets and discount rates applied in calculating the value in use. The Group has used post tax discount rates between 6%-7%. The Group uses cash flow forecasts based on five years and then terminal growth rates of between 1%-2%.

Tangible fixed assets and depreciation

Management determines the estimated useful lives and related depreciation charges for the Group's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down obsolete assets.

Taxation

The Group is subject to income taxes in several jurisdictions. The tax charge for the financial year is recognised in the statement of profit or loss and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. The calculation of the Group's total tax charge involves a degree of estimation and judgement, particularly when tax treatment for certain items cannot be determined until a final resolution. In addition, recognition of deferred tax assets is judgemental as it depends on expected timing and level of future taxable income.

Right of use assets and lease liabilities

Judgement is involved in determining the appropriate discount rate used to calculate the initial measurement of the lease liability. Changes to judgements and estimates used in determining the incremental borrowing rate could result in a material difference to the value of right of use assets and lease liabilities recognised.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

4 Revenue by geographical region

	2022 £'000	2021 £'000
UK	34,842	4,415
Europe	117,942	36,247
Russia	14,058	6,773
	<u>166,842</u>	<u>47,435</u>

5 Other income

	2022 £'000	2021 £'000
Proceeds from insurance claim	884	1,634
Associated repair costs	(516)	(1,634)
Government incentives	10,108	23,312
Lease modification & termination	5,021	2,313
	<u>15,497</u>	<u>25,625</u>

For the year ended 30 April 2022, the Group availed itself of various government schemes provided within the regions in which the Group operates, these are summarised as follows:

- income in respect of government grant schemes of £8.5m (2021: £13.0m)
- income in respect of wage subsidy programmes of £1.0m (2021: £9.1m)
- income in respect of other local government grants of £0.6m (2021: £1.2m)

There are no unfulfilled conditions or contingencies relating to the income recognised at the balance sheet date.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

6	Loss before tax	2022	2021
		£'000	£'000
	Depreciation on tangible assets	16,077	14,641
	Depreciation on right-of-use assets	19,862	20,574
	Amortisation of intangible assets	372	372
	Grant amortisation	(1,373)	(1,146)
	Operating lease rentals: plant and equipment	-	99
		<hr/>	<hr/>
7	Auditor's remuneration	2022	2021
		£'000	£'000
	Audit fees:		
	Fees payable to the Company's auditors for the audit of the Company's annual accounts	50	49
	Fees payable to the Company's auditors and its associates for other services:		
	Audit of the Company's subsidiaries pursuant to legislation	382	382
	Taxation compliance services	11	114
	Taxation and other advisory services	10	60
		<hr/>	<hr/>

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

8 Employees

8.1 Employee benefits expense

	2022 £'000	2021 £'000
Wages and salaries	55,054	30,131
Social security costs	10,980	6,727
Contributions to defined contribution schemes	1,109	595
Defined benefit pension cost (Note 32)	361	389
	<u>67,504</u>	<u>37,842</u>

Wages and salaries are recognised net of government subsidies (Note 5).

8.2 Average number of people employed

The average number of employees (including Executive Directors) in the Group during the year was:

	2022 Number	2021 Number
Administration	207	215
Sales	153	126
Operational	1,721	1,655
	<u>2,081</u>	<u>1,996</u>

9 Finance income and costs

	2022 £'000	2021 £'000
Finance costs:		
Bank loans	9,704	8,887
IFRS16 interest charge	13,781	15,037
Convertible bond (Note 20)	151	114
Deferred rent interest	55	91
Discount unwinding charge	315	-
Interest on defined benefit plan (Note 32)	16	2
Net foreign exchange gain on financing activities	(752)	109
Finance costs	<u>23,270</u>	<u>24,240</u>
Finance income:		
Interest income on cash and other deposits	33	45
Finance income	<u>33</u>	<u>45</u>
Net finance costs	<u>23,237</u>	<u>24,195</u>

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

10 Current and deferred taxation

Tax on loss

The tax credit for the year comprises:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax at 19% (2021: 19%)	276	(1,109)
Foreign tax	1,186	(357)
	<hr/>	<hr/>
Total current tax	1,462	(1,466)
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	(2,399)	(1,174)
Fair value and consolidation adjustments	(434)	(1,622)
Changes in tax rates	4,282	-
Net tax losses	(6,777)	(7,466)
	<hr/>	<hr/>
Total deferred tax	(5,328)	(10,262)
	<hr/>	<hr/>
Total income tax credit for the year	(3,866)	(11,728)
	<hr/>	<hr/>

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

	2022 £'000	2021 £'000
Loss on ordinary activities before tax	(6,569)	(65,148)
	<hr/>	<hr/>
Tax at 19% (2021: 19%)	(1,248)	(12,378)
	<hr/>	<hr/>
Effects of:		
Expenses not deductible for tax purposes	81	287
Difference in tax rates on overseas earnings	(997)	(5,367)
Income not taxable	(429)	(429)
Deferred tax movement	(1,200)	5,943
Movement in previously unrecognised deferred tax	68	(122)
Other items	(141)	338
	<hr/>	<hr/>
Income tax credit for the year	(3,866)	(11,728)
	<hr/>	<hr/>

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

10 Current and deferred taxation (continued)

	2022 £'000	2021 £'000
Deferred taxation		
The gross movement on the deferred income tax account is as follows		
Balance at the beginning of the year	(8,575)	(19,982)
Statement of profit or loss (expense)	5,328	10,261
Tax charge relating to other comprehensive income	(1,947)	(499)
Exchange differences	(818)	1,645

Balance at the end of the year	(6,012)	(8,575)
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	Property plant and equipment/ intangible assets £'000	Tax losses £'000	Other £'000	Total £'000
At 1 May 2020	(27,636)	1,885	5,769	(19,982)
Charged to statement of profit or loss	1,622	8,091	548	10,261
Charged to other comprehensive income	-	-	(499)	(499)
Exchange difference	809	(83)	919	1,645
At 30 April 2021	(25,205)	9,893	6,737	(8,575)
At 1 May 2021	(25,205)	9,893	6,737	(8,575)
Charged to statement of profit or loss	(3,848)	7,635	1,541	5,328
Charged to other comprehensive income	-	-	(1,947)	(1,947)
Exchange difference	(693)	(205)	80	(818)
At 30 April 2022	(29,746)	17,323	6,411	(6,012)
Deferred tax assets	-	17,323	8,351	25,674
Deferred tax liabilities	(29,746)	-	(1,940)	(31,686)
Net deferred tax	(29,746)	17,323	6,411	(6,012)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed. Deferred tax assets are recognised for tax loss carry-forward to the extent that the realisation of related tax benefit through future taxable profits is probable.

As at 30 April 2022, there are unrecognised deferred tax assets in relation to tax losses of £12.7m (2021: £12.9m) which have not been capitalised as a deferred tax asset.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (*continued*)

11 Property, plant and equipment

Group	Freehold property £'000	Leasehold property £'000	Plant and machinery £'000	Furniture, furnishings equipment £'000	Assets under construction £'000	Total £'000
<i>Cost</i>						
At 1 May 2021	285,244	146,632	58,064	83,417	43,797	617,154
Additions	643	3,190	340	5,729	10,727	20,629
Disposals	-	-	(1)	(1,111)	-	(1,112)
Exchange movements	(3,864)	(2,818)	(1,905)	(2,475)	1,904	(9,158)
Transfers	16,319	23,346	3,340	13,423	(56,428)	-
At 30 April 2022	298,342	170,350	59,838	98,983	-	627,513
<i>Depreciation and impairment</i>						
At 1 May 2021	31,058	52,340	35,984	58,597	-	177,979
Charge for the year	2,546	4,142	2,112	7,277	-	16,077
Disposals	-	-	(1)	(1,111)	-	(1,112)
Exchange movements	(1,276)	(85)	(1,190)	(1,725)	-	(4,276)
At 30 April 2022	32,328	56,397	36,905	63,038	-	188,668
<i>Net book value</i>						
At 30 April 2022	266,014	113,953	22,933	35,945	-	438,845
At 30 April 2021	254,186	94,292	22,080	24,820	43,797	439,175

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 *(continued)*

11 Property, plant and equipment *(continued)*

Group	Land and buildings		Plant and machinery £'000	Furniture, furnishings equipment £'000	Assets under construction £'000	Total £'000
	Freehold £'000	Leasehold £'000				
<i>Cost</i>						
At 1 May 2020	286,051	152,777	58,501	82,468	19,677	599,474
Additions	171	826	83	2,015	24,997	28,092
Disposals	-	(1,051)	(224)	(348)	-	(1,623)
Exchange movements	(978)	(5,920)	(296)	(834)	(664)	(8,692)
Transfers	-	-	-	116	(213)	(97)
At 30 April 2021	285,244	146,632	58,064	83,417	43,797	617,154
<i>Depreciation and impairment</i>						
At 1 May 2020	29,014	51,243	34,061	52,764	-	167,082
Charge for the year	2,462	3,131	2,336	6,712	-	14,641
Disposals	-	(1,051)	(163)	(326)	-	(1,540)
Exchange movements	(418)	(983)	(250)	(553)	-	(2,204)
At 30 April 2021	31,058	52,340	35,984	58,597	-	177,979
<i>Net book value</i>						
At 30 April 2021	254,186	94,292	22,080	24,820	43,797	439,175
At 30 April 2020	257,037	101,534	24,440	29,704	19,677	432,392

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (*continued*)

12 Right-of-use asset

	2022 £'000	2021 £'000
<i>Cost</i>		
At 1 May 2021	343,297	394,492
Additions	531	-
Remeasurement adjustments	7,488	(49,845)
Termination adjustments	(52,436)	-
Exchange adjustments	(9,187)	(1,350)
	<hr/>	<hr/>
At 30 April 2022	289,693	343,297
	<hr/>	<hr/>
<i>Accumulated depreciation</i>		
At 1 May 2021	40,244	19,670
Charge in the period	19,862	20,574
	<hr/>	<hr/>
At 30 April 2022	60,106	40,244
	<hr/>	<hr/>
<i>Net book value</i>		
At 30 April 2022	229,587	303,053
	<hr/>	<hr/>

The Group leases a number of its hotel properties, as well as office space in London. A number of land and building lease commitments are subject to indexation. In addition, in certain circumstances the Group is committed to making variable lease payments that are contingent on hotel performance.

The Group made use of the practical relief for all eligible rent concessions that are a direct consequence of Covid-19, as permitted by the amendment to IFRS 16 Leases. Under the practical expedient, the Group is not required to assess whether eligible rent concessions are lease modifications, and instead is permitted to account for them as if they were not lease modifications by recognising the effects of the applicable concessions directly in profit or loss for the period in which they relate.

During the current year, the Group recognised £Nil (2021 – £2.7m) in profit or loss in respect of the practical expedient.

Remeasurement and termination adjustments relate to amended lease arrangements and indexations during the current year, which did not fall within the scope of the Covid-19 related rent concessions.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

13 Intangible assets

Group	Goodwill £'000	Brand £'000	Software and other Intangibles £'000	Total £'000
<i>Cost</i>				
At 1 May 2021	8,899	3,282	5,313	17,494
Additions	-	-	270	270
Disposal	-	-	(1)	(1)
Exchange movement	156	-	107	263
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2022	9,055	3,282	5,689	18,026
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 May 2021	-	-	4,092	4,092
Charge for the year	-	-	372	372
Disposal	-	-	1	1
Exchange movement	-	-	(32)	(32)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2022	-	-	4,433	4,433
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 April 2022	9,055	3,282	1,256	13,593
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2021	8,899	3,282	1,221	13,402
	<hr/>	<hr/>	<hr/>	<hr/>

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

13 Intangible assets

Group	Goodwill £'000	Brand £'000	Software and other intangibles £'000	Total £'000
<i>Cost</i>				
At 1 May 2020	9,434	3,282	4,583	17,299
Additions	-	-	847	847
Disposal	-	-	(18)	(18)
Exchange movement	(535)	-	(99)	(634)
At 30 April 2021	8,899	3,282	5,313	17,494
<i>Amortisation</i>				
At 1 May 2020	-	-	3,863	3,863
Charge for the year	-	-	372	372
Disposal	-	-	(17)	(17)
Exchange movement	-	-	(126)	(126)
At 30 April 2021	-	-	4,092	4,092
<i>Net book value</i>				
At 30 April 2021	8,899	3,282	1,221	13,402
At 30 April 2020	9,434	3,282	720	13,436

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

14 Investments

Principal Group investments

The Company and the Group have investments in the following subsidiary companies which principally affected the results and net assets of the Group at 30 April 2022:

	Country of incorporation	Registered address	Principal activity	Holding%
Rocco Forte & Family (Rome) S.p.A.	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
SRFF (Mediterranea Golf & Resort) S.p.A.**	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Rocco Forte & Family (Florence) S.p.A.	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Rocco Forte & Family (Hotel De La Ville Roma) SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Rocco Forte & Family (Puglia) SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Rocco Forte Villas SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
RFFB SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Astoria Hotel Joint Stock Company	Russia	St Isaac's Square, St Petersburg 190000, Russia	Hotel operation	60
Rocco Forte & Family (Hotel Management) Ltd	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Hotel management	100
Rocco Forte & Family (London) Limited	UK	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Hotel operation	100
Rocco Forte & Family (Luxury Hotels) Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Hotel operation	100
The Balmoral Hotel Edinburgh Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Hotel operation	100
Rocco Forte & Family (Brussels) SA	Belgium	Rue de L'Amigo 1-3, B-1000 Bruxelles, Belgium	Hotel operation	100
Rocco Forte & Family (Deutschland) GmbH	Germany	Behrenstraße 37, 10117 Berlin, Germany	Hotel operation	100
Rocco Forte & Family (Munich) GmbH	Germany	Sophienstraße 28, 80333 Munich, Germany	Hotel operation	100

*Held directly by Rocco Forte Hotels Limited.

** Unicredit/BPM own participatory notes in SRFF (Mediterranea Golf & Resort) S.p.A. This has been recorded as a non-controlling interest. Refer to Note 26.

All subsidiary companies are included in the consolidation. The proportion of the voting rights in the subsidiary company held directly by the parent company does not differ from the proportion of shares held.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

14 Investments (continued)

Non-principal Group investments

The Company and the Group also have investments in the following non principal subsidiary undertakings at 30 April 2022:

	Country of Incorporation	Registered address	Principal activity	Holding%
Rocco Forte & Family (Executive Hotel Program) Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
Rocco Forte & Family (Germany) Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
Rocco Forte & Family (Italy) Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
Rocco Forte & Family (Russia) Limited	UK*	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
Rocco Forte & Family (Belgium) Limited	UK	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
RFFG Limited	UK	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Dormant	100
RFFF Limited	UK	70 Jermyn St, London, SW1Y 6NY, United Kingdom	Holding company	100
RF Hotels (Luxury Hotels) Ltd	Cyprus*	4 Zinas Kanther, 3035 Limassol, Cyprus	Hotel management	100
RFFA SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
RFFC SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
RFFD SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
RFFE SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Hotel operation	100
Verdura Golf Club Società Sportiva DaRL SRL	Italy	Via del babuino 9, 00187 Roma, Italy	Golf operations	100
Verdura Società Agricola a R.L.	Italy	Via del babuino 9, 00187 Roma, Italy	Agricultural	100
Rocco Forte & Family (Luxury Hotels) GmbH	Germany	Kennedyallee 70, 60596 Frankfurt, Germany	Hotel operation	100
RF Corporate UK Limited	UK*	70 Jermyn St, London, SW1Y 6NY, UK	Hotel management	100
RF Hotels International Limited	BVI*	Palm Grove House, Road Town, Tortola, BVI	Holding company	100
RF Hotels International Sales Limited	Switzerland	Inseliquai 8, 6002 Luzern, Switzerland	Service management	100
Rocco Forte & Family LLC	US*	271 Madison Ave Ste 1000, New York NY 10016-1015	Service management	100
Rocco Forte & Family (Hotel Management) - Egypt SAE	Egypt*	12 Dar El Shefa Street, flat no. 16, Garden City, Cairo	Hotel management	100
Sir Rocco (Shanghai) Hotel Management Company Ltd	China	3021, No.2879 Long Teng Avenue, Shanghai, China	Hotel management	75

*Held directly by Rocco Forte Hotels Limited

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

14 Investments (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Astoria Hotel Joint Stock Company, a 60% owned subsidiary of the Company, has material non-controlling interests ('NCI').

Summarised financial information in relation to the Astoria Hotel Joint Stock Company, before intra-group eliminations and consolidation adjustments relating to the NCI, is presented below together with amounts attributable to NCI.

Summarised balance sheet	2022 £'000	2021 £'000
Current assets	1,875	2,529
Non-current assets	15,851	13,692
Current liabilities	(4,777)	(4,317)
Non-current liabilities	(12,243)	(10,400)
Net assets	706	1,504
Summarised statement of profit or loss	2022 £'000	2021 £'000
Revenue	14,058	6,773
Profit / (loss) before income tax	1,319	(2,596)
Profit / (loss) after income tax	1,136	(1,993)
Other comprehensive loss	(808)	(535)
Total comprehensive profit / (loss)	328	(2,527)
Total comprehensive profit / (loss) allocated to non-controlling interest	2,021	(2,745)
Dividends to non-controlling interests	(776)	-
Summarised cash flows	2022 £'000	2021 £'000
Cash flow from operating activities	2,987	1,936
Cash flow from financing activities	(2,377)	(1,085)
Cash flow from investing activities	(1,150)	(951)
Total cash (outflows)	(540)	(100)

The Russian subsidiary is ring-fenced from other financing structures in the Group. In response to the evolving political situation in Ukraine, the Group has introduced additional policies and procedures to manage the associated risks. The Directors continue to monitor the introduction of international sanctions and respond accordingly.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (*continued*)

14 Investments (*continued*)

Unquoted equity investments

	2022 £'000	2021 £'000
Non-current unquoted equity investments (Note 31)	294	294
Current unquoted equity investments (Note 23)	14	14
	<u>308</u>	<u>308</u>

15 Inventories

	2022 £'000	2021 £'000
Inventories	<u>3,017</u>	<u>2,239</u>

16 Trade and other receivables

	2022 £'000	2021 £'000
Current		
Trade receivables	6,916	1,686
Other receivables	6,343	24,255
Income tax receivable	15	315
Prepayments and accrued income	3,040	2,833
	<u>16,314</u>	<u>29,089</u>

Included in other receivables is £1.6m (2021: £13.0m) in respect of government grant schemes (Note 5).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

17 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	37,048	31,235
Short term deposits	46	45
	<u>37,094</u>	<u>31,280</u>

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

18 Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade payables	16,804	26,631
Other payables	-	199
Accruals	26,917	22,523
Taxation and social security	4,446	5,273
Customer deposits and deferred income	14,612	9,929
	<u>62,779</u>	<u>64,555</u>
Non-current		
Deferred income	42,561	38,782
Other payables	4,885	9,798
Pension liabilities (Note 32)	2,376	2,788
	<u>49,822</u>	<u>51,368</u>

Included within deferred income are £3,151,000 (2021: £1,118,000) and £42,561,000 (2021: £26,036,000) (current and non-current) relating to government grants and landlord contributions which have been received for the purchase of certain items of property, plant and equipment.

19 Provisions

	Legal and other £'000	Total £'000
At 1 May 2020	696	696
Provided	41	41
Utilised	(134)	(134)
Foreign exchange movements	(2)	(2)
	<u>601</u>	<u>601</u>
At 30 April 2021	601	601
Provided	648	648
Utilised	(537)	(537)
Foreign exchange movements	(20)	(20)
	<u>692</u>	<u>692</u>
At 30 April 2022	692	692

All amounts are non-current at both reporting dates.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

20 Borrowings

	2022 £'000	2021 £'000
Current		
Bank borrowings and overdrafts	7,419	2,300
	<hr/>	<hr/>
	7,419	2,300
Non- Current		
Bank borrowings	250,216	255,436
Convertible bond	8,108	8,293
	<hr/>	<hr/>
	258,324	263,729
	<hr/>	<hr/>
	265,743	266,029
	<hr/>	<hr/>

(i) Bank borrowings

At 30 April 2022, the Group had £265.7m (2021 – £266.0m) of loans with several lending institutions in the jurisdictions in which the Group operates.

At 30 April 2022, the Group had £151.3m (2021: £147.3m) of loans with the Bank of Scotland and ICICI. This was drawn in both Euro and Sterling amounts of €133.8m and £39.1m respectively. The funding arrangements are divided into ten year facilities of €95.6m and £18.3m, repayable in 2028 and seven year facilities of €11.2m and £9.3m, repayable in 2025. In addition, under the funding arrangements the Group has a multi-currency capital development and working capital facility of £35.0m in place until 2028. At the reporting date, €27.0m and £11.5m of this facility was utilised. These facilities are secured mainly through fixed and floating charges on the UK and Belgian assets of the Group, as well as the shares in certain companies. During the financial year, the Group agreed with the lenders to limit covenant reporting obligations for 2022 and implemented a mechanism to revert to standard covenant obligation reporting in 2023.

At 30 April 2022, the Group has separate ring-fenced financing arrangements relating to the Verdura Resort and Rocco Forte Private Villas in Sicily. These arrangements involve loans with Unicredit and BPM for €70.0m (2021: €73.1m). Verdura also has €10.0m of convertible bonds and an undrawn overdraft facility of €2.0m. These facilities are in place until April 2024 and are secured on the assets of the resort and the villas. In addition, the Group had drawn €10.7m under the funding arrangements with Invitalia relating to the Verdura Villa development (2021: €10.6m).

During the previous financial year, the Group entered into a six-year syndicated SACE facility of €43.5m with UniCredit, BPM and CDP. This funding is supported by a 90% Italian State guarantee administered by the body, SACE, established in response to the recent pandemic. This funding is ring-fenced to certain Italian operations and is supporting development activity in this jurisdiction.

The Group is party to a €5.0m revolver financing arrangement with MedioCredit Centrale (MCC) in respect of Villa Igiea. This facility matures in March 2023 and is secured by a corporate guarantee. Notwithstanding a refinancing of this facility, the Group expects its cash flows to support a repayment on maturity.

The Russia operations have a funding arrangement in place with Sberbank for an amount of RUB500m. This facility matures in August 2025 and is secured against the Angleterre Hotel property asset. At the end of the financial year, RUB390m of the facility was unutilised.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

20 Borrowings (continued)

In Belgium, a subsidiary company had availed itself of €0.5m in funding under a State-backed Covid-19 response working capital scheme. This was a 12 month working capital facility bearing an interest rate of 1.25%, and was fully repaid during the current year.

Issue costs from Group financing £2.3m net of accumulated amortisation (2021 – £3.2m) have been capitalised and are being amortised over the term of the facilities to which they relate.

(ii) Convertible bond

Sir Rocco Forte & Family (Mediterranea Golf & Resort) SpA has a convertible bond at par value of €10m. The bond will mature in April 2024 at its nominal value or can be converted before maturity to a class of equity instruments known as Participatory Financial Instruments if certain conditions occur. The value of the liability component of £7.2m and the equity conversion component of £0.9m were determined at inception.

The convertible bond recognised in the balance sheet is calculated as follows:

	2022 £'000	2021 £'000
Liability component at the beginning of the year	8,293	8,210
Interest expense	151	114
Interest paid	(42)	(43)
Foreign exchange movements	(294)	12
	<hr/>	<hr/>
At the end of the year	8,108	8,293
	<hr/>	<hr/>

(iii) Lease guarantees

The Group has lease guarantees with UniCredit for €2.1m, €1.1m and €5.0m for Hotel de Russie, The Savoy Hotel and Hotel de la Ville respectively. The Group also has a lease guarantee totalling €4.0m in respect of the property currently under development in Milan.

In addition, the Group had lease guarantees totalling €22.2m (2021: €22.2m) in respect of Hotel de Rome, and, the now exited, Villa Kennedy. At the Group's request lease guarantees totalling €9.6m (2021: €9.6m) have been issued by Bank of Scotland in respect of the hotel property in Munich. The Group has issued a counter-indemnity to the Bank of Scotland for these guarantees.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

21 Derivative financial instruments

	Group 2022 £'000	Group 2021 £'000
Interest rate swaps – cash flow hedges	907	(9,706)
	<u>907</u>	<u>(9,706)</u>
Non-current assets	1,463	180
Non-current liabilities	(556)	(9,886)
	<u>907</u>	<u>(9,706)</u>

The notional principal amounts of the outstanding interest rate swaps contracts as at 30 April 2022 were £27.6m and €80.1m.

Gains and losses recognised in the hedging reserve in equity on interest rate contracts as at 30 April 2022 will be continuously released to the statement of profit and loss within finance costs until repayment of bank borrowings. There was no ineffectiveness recorded from the cash flow hedges during the year (2021: Nil).

22 Lease liability

	Group 2022 £'000	Group 2021 £'000
At 1 May 2021	339,559	404,440
Additions	531	-
Interest charge in the year	13,781	15,036
Landlord rental charge	(28,505)	(25,621)
Modification & remeasurement adjustments	7,488	(52,348)
Termination adjustments	(57,466)	-
Exchange adjustments	(9,798)	(1,948)
	<u>265,590</u>	<u>339,559</u>
As at 30 April 2022		
Current lease liabilities	24,232	25,283
Non-current lease liabilities	241,358	314,276
	<u>265,590</u>	<u>339,559</u>
As at 30 April 2022		

The Group leases a number of its hotel properties, as well as office space in London. A number of land and building lease commitments are subject to indexation. In addition, in certain circumstances the Group is committed to making variable lease payments that are contingent on hotel performance.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

23 Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group adopts a risk averse approach to managing financial risk and speculative treasury transactions are not permitted.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Exposure to credit risk is monitored on an ongoing basis, with credit checks performed on clients requiring credit over certain amounts. Credit is not extended beyond authorised limits. Credit granted is subject to regular review, to ensure it remains consistent with the client's current creditworthiness and appropriate to the anticipated volume of business.

Investments are allowed only in liquid short-term instruments within approved limits, with investment counterparties approved by the Board, such that the exposure to a single counterparty is minimised. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet, these being spread across the various currencies and jurisdictions in which the Group operates.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

23 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments using the interest rates prevailing as at the reporting date. The following are the undiscounted contractual cash flows of financial liabilities, including interest payments:

2022	Carrying value £'000	Future obligation £'000	Total £'000	Less than 1 year £'000	Between 1 & 5 years £'000	Over 5 years £'000
Borrowings	257,635	42,129	299,764	13,646	98,939	187,179
Convertible bond	8,108	380	8,488	42	44	8,402
Interest rate swaps	556	-	556	556	-	-
Trade and other payables	48,125	-	48,125	48,125	-	-
	<u>314,424</u>	<u>41,509</u>	<u>356,933</u>	<u>62,369</u>	<u>98,983</u>	<u>195,581</u>
2021	Carrying value £'000	Future obligation £'000	Total £'000	Less than 1 year £'000	Between 1 & 5 years £'000	Over 5 years £'000
Borrowings	257,736	49,766	307,502	9,232	109,201	189,069
Convertible bond	8,293	552	8,845	43	89	8,713
Interest rate swaps	9,705	-	9,705	9,705	-	-
Trade and other payables	59,152	501	59,653	53,494	6,159	-
	<u>334,886</u>	<u>50,819</u>	<u>385,705</u>	<u>72,474</u>	<u>115,449</u>	<u>197,782</u>

Undrawn borrowing facilities

The Group has access to sufficient funds to allow the implementation of the strategy set by the Board. At 30 April 2022, the core Group had £0.9m (2021: £8.1m) of undrawn facilities which are available until 2028. In addition, the Verdura resort has a €2.0m overdraft facility until 2024. The Russian operations have undrawn facilities totalling RUB390m available until 2025.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

23 Financial instruments (continued)

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The primary objective of the Group's treasury policy is to identify and manage financial risks, including exposure to movements in interest and foreign exchange rates. If appropriate, the Group uses financial instruments and derivatives to manage these risks, as set out below.

Currency rate risk

The Group is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currencies of the respective Group entities. The currencies giving rise to this risk are primarily Euro and Russian Rouble. The Group's principal policy, wherever possible, is to maintain a natural hedge whereby liabilities are matched with assets denominated in the same currency. Foreign currency investment exposure is also minimised by borrowing in the currency of the investment. No currency derivatives have been used as at April 2022 (2021: Nil).

Interest rate risk

The Group adopts a policy of ongoing review of its exposure to changes in interest rates on its borrowings, taking into account market expectations with regard to the perceived level of risk associated with each currency, the maturity profile and cash flows of the underlying debt and the extent to which debt may potentially be either prepaid prior to its maturity or refinanced at reduced cost.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into partial interest rate swaps and caps for a maturity of up to ten years.

Capital management

The Board's policy is to maintain a strong capital base to support future development of the business. The Company's objective for managing its capital is to ensure that Group entities will be able to continue as a going concern while maximising the return to shareholders, as well as sustaining the future development of its business. The Group's capital structure consists of debt, which includes the loans and borrowings disclosed in Note 20, cash and cash equivalents disclosed in Note 17 and the equity attributable to the parent, comprising share capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity.

Fair value

Set out below is a comparison of the fair and book values of all the Group's financial instruments by category. Fair values are estimated by reference to market values, where available, or calculated by discounting cash flows at prevailing interest rates.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

23 Financial instruments (continued)

	2022 Carrying value £'000	2022 Fair value £'000	2021 Carrying value £'000	2021 Fair value £'000
Financial assets				
Cash and cash equivalents				
Cash at bank and in hand	37,048	37,048	31,235	31,235
Short term deposits	46	46	45	45
Financial assets available for sale				
Unquoted equity investments available for sale	308	308	308	308
Loans and receivables				
Trade and other receivables less prepayments and tax advances	13,259	13,259	25,941	25,941
Financial liabilities fair value through profit and loss				
Derivative financial instruments	1,463	1,463	180	180
	<u>52,124</u>	<u>52,124</u>	<u>57,709</u>	<u>57,709</u>
Financial liabilities				
Financial liabilities at amortised cost				
Borrowings	257,635	257,635	257,736	257,736
Convertible bond	8,108	8,108	8,293	8,293
Trade and other payables excluding non-financial liabilities	48,125	48,125	59,152	59,152
	<u>313,868</u>	<u>313,868</u>	<u>325,181</u>	<u>325,181</u>
Financial liabilities fair value through profit and loss				
Derivative financial instruments	556	556	9,886	9,886
	<u>314,424</u>	<u>314,424</u>	<u>335,067</u>	<u>335,067</u>

Derivatives financial instruments

The fair values of the interest rate swaps are calculated by discounting the future cash flows to net present values using appropriate market interest rates and foreign currency rates prevailing at the reporting date.

Borrowings and convertible bond

Fair value is calculated based on discounted expected future principal and interest cash flows. Prevailing market interest rates are used to discount cash flows to determine the fair value.

Trade and other receivables/payables

Carrying value approximates the fair value.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

23 Financial instruments (continued)

Cash and cash equivalents

The carrying value approximates the fair value.

Available-for-sale financial assets

Fair value is estimated using appropriate valuation techniques.

Fair value hierarchy

As at 30 April 2022, the Group held certain financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets measured at fair value				
Unquoted equity investments available for sale	308	-	-	308
Assets measured at fair value				
Interest rate swaps	1,463	-	1,463	-
Liabilities measured at fair value				
Interest rate swaps	556	-	556	-
	2021 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets measured at fair value				
Unquoted equity investments available for sale	308	-	-	308
Liabilities measured at fair value				
Interest rate swaps	9,705	-	9,705	-

During the year ended 30 April 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measures.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

24 Called up share capital and share premium

	Group and company Allotted, called up and fully paid			
	Number of shares 2022 '000	2021 '000	2022 £'000	2021 £'000
Ordinary shares of £1 each	85,610	85,610	85,610	85,610
A shares of £0.10 each	9	9	1	1
C shares of £0.10 each	2	2	-	-
Share premium	-	-	38,652	38,652
	<u>85,621</u>	<u>85,621</u>	<u>124,263</u>	<u>124,263</u>

The 'A' and 'C' share classes have voting rights of one vote per share and no dividend entitlements. Refer to Note 31 for additional information on these share classes.

Dividends

The parent company did not pay a dividend in the current year (2021: £Nil, Nil pence per share).

25 Reserves

The nature and purpose of other reserves shown in the Group's statement of changes in equity is as follows:

Shares held by Employee Benefit Trust

The RF Corporate UK Limited Employee Benefit Trust was 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 2022, the Trust held 381,667 shares (2021: 381,667) in Rocco Forte Hotels Limited at historical cost with a value of £649,000.

The amount of the own shares held by the Employee Benefit Trust are recorded as a deduction from Equity.

Other reserves

Comprises the merger and revaluation reserves previously recognised under UK GAAP.

Foreign exchange reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax).

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow instruments related to the hedged transactions that have not yet occurred (net of tax).

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

26 Non-controlling interest

	2022 £'000	2021 £'000
At the beginning of the year	22,479	25,224
Profit / (loss) on ordinary activities after taxation	374	(903)
Dividends	(776)	-
Exchange movements	1,647	(1,842)
	<hr/>	<hr/>
At the end of the year	23,724	22,479
	<hr/>	<hr/>

The Group owns 60% of the company, Astoria Hotel Joint Stock Company. Financial information relating to this component has been disclosed in Note 14 of the financial statements.

Unicredit/BPM hold participatory notes in the company, SRFF (Mediterranea Golf & Resort) SpA. These notes are considered an equity instrument and were issued as part of a €15m debt conversion. The equity component was recognised as £10.8m on conversion.

In addition, the equity component of a convertible bond issued by SRFF (Mediterranea Golf & Resort) SpA has been recognised as part of the non-controlling interest balance. Financial information relating to the convertible bond has been disclosed in Note 20 of the financial statements.

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

27 Reconciliation of operating profit / (loss) to operating cash flows

	2022 Post IFRS 16 £'000	2022 Pre IFRS16 £'000	2021 Post IFRS 16 £'000	2021 Pre IFRS16 £'000
Operating profit / (loss) before income tax and net finance costs	16,668	3,005	(40,953)	(48,312)
Adjustments for:				
Depreciation, amortisation and impairment	34,938	15,076	34,441	13,867
Other non-operating income	(15,497)	(10,477)	(25,625)	(23,312)
Changes in working capital:				
Movement in inventories	(814)	(814)	773	773
Movement in trade and other receivables	12,845	12,845	4,498	4,498
Movement in trade and other payables	4,587	(2,512)	7,081	22,181
Movement in provisions	108	108	(95)	(95)
Net cash generated operating activities	52,835	17,231	(19,880)	(30,400)

Reconciliation of operating cash flows for the impact of IFRS 16

	2022 £'000	2021 £'000
Net cash generated operating activities post IFRS 16	52,835	(19,880)
Payment of lease liabilities – interest	(17,214)	(6,174)
Payment of lease liabilities – principal	(18,390)	(4,346)
Lease liability cash flows	(35,604)	(10,520)
Cash flows generated by operations pre IFRS 16	(17,231)	(30,400)

Rocco Forte Hotels Limited

Notes forming part of the financial statements
for the year ended 30 April 2022 (continued)

28 Net debt

	2022 £'000	2021 £'000
Cash and cash equivalents	37,094	31,280
Borrowings and other interest bearings liabilities:		
Current	(7,419)	(2,300)
Non-current	(258,324)	(263,729)
	<hr/>	<hr/>
Net debt excluding lease liabilities	(228,649)	(234,749)
Current lease liabilities	(24,232)	(25,283)
Non-current lease liabilities	(241,358)	(314,276)
	<hr/>	<hr/>
Net debt	(494,239)	(574,308)
	<hr/>	<hr/>
Movements in net debt		
Net decrease in cash and cash equivalents	6,292	4,329
Increase in borrowings	(6,700)	(55,565)
Increase in capitalised finance costs	-	1,089
	<hr/>	<hr/>
Increase in net debt arising from cash flows	(408)	(50,147)
	<hr/>	<hr/>
Non cash increase	(1,370)	(157)
Exchange rate adjustments	7,878	322
	<hr/>	<hr/>
Decrease / (increase) in net debt excluding lease liabilities	6,100	(49,982)
Lease liabilities decrease	73,969	64,882
	<hr/>	<hr/>
Decrease in net debt	80,069	14,900
	<hr/>	<hr/>
Net debt at beginning of the year	(574,308)	(589,208)
	<hr/>	<hr/>
Net debt at end of year	(494,239)	(574,308)
	<hr/>	<hr/>

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (*continued*)

29 Capital and other commitments

The Group had capital commitments of £6,583,000 (2021: £11,585,000) which were contracted for but not provided for. The majority of this amount relates to construction projects under development at the reporting date.

30 Contingencies

At 30 April 2022, the Group had no contingent liabilities (2021: Nil).

In the normal course of its business, the Group is from time to time exposed to claims and litigations. The Group believes that these claims and litigations will not give rise to any material costs at Group level and have not and will not have a material adverse effect on the Group's financial position, business and/or results of operations.

31 Related party transactions

The group is controlled by The Honourable Sir Rocco J V Forte, a Director of Rocco Forte Hotels Limited, and his family as a whole, who own directly or indirectly 75% of the issued capital of Rocco Forte Hotels Limited. The remaining 25% of the shares are held by FSI Investimenti S.p.A (CDP) (23%) and other shareholders (2%). The Group's ultimate controlling party is The Honourable Sir Rocco J V Forte.

Sir Rocco Forte Limited is controlled by the Honourable Sir Rocco J V Forte, a Director of the Company. The Group acquired the 'Rocco Forte' brand from Sir Rocco Forte Limited in March 2015 for a consideration of £4,000,000. The brand was recognised at a cost of £3,282,000 being the present value of the payments made to Sir Rocco Forte Limited assuming a discount rate of 4.7%. Under the agreement, Sir Rocco Forte Limited has the option to repurchase the brand from the Company if certain events and conditions occur.

Forte Organics Limited is controlled by a family relative of the Honourable Sir Rocco J V Forte, a Director of the Company. During the prior year an amount of £294,000 was converted from a receivable from this entity to an equity interest in this entity (Note 14).

An amount of £206,000 (2021: £206,000) is receivable from participants in the Management Equity Plan.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

31 Related party transactions (continued)

Key management personnel compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management personnel for employee services is shown below:

	2022 £'000	2021 £'000
Salaries and other short-term employee benefits	2,286	1,341
Social security costs	299	166
	<u>2,585</u>	<u>1,507</u>

Directors' remuneration

	2022 £'000	2021 £'000
The remuneration of the Directors was as follows:		
Executive Directors	2,166	1,221
Non-executive Directors	120	120
	<u>2,286</u>	<u>1,341</u>

The highest paid Director received £811,000 (2021: £412,000).

There are close family members of key management personnel employed by the Rocco Forte Group. The terms and conditions of those arrangements are no more favourable than the Group would have adopted if there were no relationship to key management personnel.

Management equity plan

A number of key management personnel are participants in a share-based compensation plan, the Rocco Forte Hotels Management Equity Plan ('MEP'). Under the terms of the MEP participants are able to elect whether settlements are in equity or cash. As a result, the MEP is considered a cash-settled share-based payment plan. Under the terms of the MEP, participant's awards will vest based on certain service and performance conditions, provided no qualifying event arises during the vesting period. To enter the MEP participants were required to subscribe for either 'A' or 'C' shares.

In the year ended 30 April 2018, 8,505 'A' shares with a nominal value of £0.10 each were issued to participants of the MEP. In the year ended 30 April 2019, 2,200 'C' shares with a nominal value of £0.10 each were issued to a participant of the MEP. Both share classes have voting rights of one vote per share and no dividend entitlements.

Provided certain service and performance conditions are satisfied by the relevant vesting date, a participant can elect for an equity or cash settlement. If the participant elects for an equity settlement, the 'A' or 'C' shares held by the participant will convert to 'B Ordinary' shares. The conversion rate will be determined based on the achievement of service and performance conditions. Each 'B Ordinary' share is the equivalent to one ordinary share in every respect except that the nominal value of each 'B Ordinary' share is £0.01 instead of £1.00. During the current financial year an amount of £Nil (2021: £Nil) was accrued in respect of the MEP.

Rocco Forte Hotels Limited

Notes forming part of the financial statements for the year ended 30 April 2022 (continued)

32 Defined benefits

Trattamento Fine Rapporto (TFR) Pension Fund - Italy

TFR is a mandatory severance pay plan for employees of Italian entities. A lump sum payment is provided in any case of employment termination (e.g. dismissal, voluntary resignation, disability, death).

This is an unfunded defined benefit plan whereby employers are obliged to accrue for this termination benefit. A comprehensive actuarial valuation of the TFR has been performed at each reporting period by an independent actuary using the projected unit basis.

The following tables set out details in respect of the defined benefit liabilities:

(i) Balance sheet amounts

	2022 £'000	2021 £'000
Present value of defined benefit obligation - net liability	2,376	2,788

(ii) Reconciliations

	2022 £'000	2021 £'000
Balance at the beginning of the year	2,788	2,870
Interest costs	16	2
Service costs	361	389
Actuarial gains and losses	(309)	(165)
Benefits paid	(380)	(297)
Other movements	(100)	(11)
	<u>2,376</u>	<u>2,788</u>

(iii) Amounts recognised in statement of profit or loss

	2022 £'000	2021 £'000
Interest costs - total included in net finance costs	16	2
Service costs	361	389

(iv) Principal actuarial assumptions

	2022	2021
Discount rate	1.69%	0.58%
Inflation rate	1.8%	2.0%
Future salary increases	2.0%	1.5%

Sensitivities performed on the actuarial assumptions do not have a material impact on the defined benefit obligation.

Rocco Forte Hotels Limited

**Notes forming part of the financial statements
for the year ended 30 April 2022 (*continued*)**

33 Events after the reporting period

There were no significant events after the reporting period.

Rocco Forte Hotels Limited

Parent Company Financial Statements For the year ended 30 April 2022

Contents

Page:

65	Parent Company Balance sheet
66	Parent Company statement of changes in equity
67	Notes to the Parent Company financial statements

Rocco Forte Hotels Limited

Company number 3277921

Company balance sheet

at 30 April 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible fixed assets	3		3,282		3,282
Investments	4		117,912		114,950
Derivative financial asset	6		596		180
Deferred tax asset			-		1,804
			121,790		120,216
Current assets					
Debtors due within one year	5	8,439		4,206	
Debtors due after one year	6	189,116		188,716	
Cash and cash equivalents		2,046		3,248	
			199,601		196,170
Creditors: amounts falling due within one year	7	(4,166)		(3,706)	
Net current assets including debtors due after one year			195,435		192,464
Total assets less current liabilities			317,225		312,680
Creditors: amounts falling due after more than one year	8		(150,571)		(155,555)
Net assets			166,654		157,125
Capital and reserves					
Called up share capital	9		85,611		85,611
Share premium			38,652		38,652
Merger reserve			(502)		(502)
Retained earnings			42,863		41,056
Cash flow hedge reserve			30		(7,692)
Equity shareholders' funds and total capital employed			166,654		157,125

As permitted by Section 408 of the Companies Act 2006, the statement of profit or loss of the Company is not presented as part of the financial statements. The profit on ordinary activities after taxation amounts to £1,807,000 (2021 – (loss) £1,709,000).

The financial statements were approved by the Board and authorised for issue on 09 September 2022. They were signed on its behalf by:


The Hon Sir Rocco J V Forte
Director

The notes on pages 67 to 69 form part of these financial statements.

Rocco Forte Hotels Limited

Company statement of changes in equity for the year ended 30 April 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger Reserve £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 May 2021	85,611	38,652	41,056	(502)	(7,692)	157,125
Profit for the year	-	-	1,807	-	-	1,807
Other comprehensive income	-	-	-	-	7,722	7,722
Total comprehensive income for the year	-	-	1,807	-	7,722	9,529
Balance at 30 April 2022	85,611	38,652	42,863	(502)	30	166,654

	Share capital £'000	Share premium £'000	Retained earnings £'000	Merger Reserve £'000	Cash flow hedge reserve £'000	Total equity £'000
Balance at 1 May 2020	85,611	38,652	42,765	(502)	(9,574)	156,952
Loss for the year	-	-	(1,709)	-	-	(1,709)
Other comprehensive income	-	-	-	-	1,882	1,882
Total comprehensive income for the year	-	-	(1,709)	-	1,882	173
Balance at 30 April 2021	85,611	38,652	41,056	(502)	(7,692)	157,125

The notes on pages 67 to 69 form part of these financial statements.

Rocco Forte Hotels Limited

Notes forming part of the parent financial statements for the year ended 30 April 2022

1 Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of Rocco Forte Hotels (the Company) for the year ended 30 April 2022 were authorised for issue on 09 September 2022. The company is a private limited company and incorporated and domiciled in United Kingdom. The registered office is located at 70 Jermyn Street, London, SW1Y 6NY, United Kingdom.

The Directors have assessed, in light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, they continue to adopt the going concern basis in preparing the Parent Company Financial Statements. For further consideration of the going concern position refer to Note 2 of the Group Financial statements.

The Parent Company Financial Statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention with the exception of financial instruments.

The Company had no employees other than non-executive directors who were remunerated by the Company during the current year. For further details of non-executive director remuneration refer to Note 31 of the Group financial statements. The audit fee was £50,000 (2021: £49,000).

Other than the cash flow hedge reserve movement (shown in the statement of changes in equity), there are no other gains or losses either in the current or preceding years recognised in other comprehensive income.

The Company's results are included in the consolidated financial statements of Rocco Forte Hotels Limited.

There were no dividends in the current or prior year.

2 Significant Accounting policies

2.1 Basis of Preparation - Statement of Compliance

The parent company financial statements of Rocco Forte Hotels Limited have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Investments

Investments in subsidiaries are carried at cost less impairment. The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment. If such impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Amounts due from and amounts due to Group subsidiaries

Amounts due from and amounts due to Group subsidiaries are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value is reviewed at each reporting date to determine whether there is any indication of impairment. Impairment losses are recognised in the statement of profit or loss.

Rocco Forte Hotels Limited

Notes forming part of the parent financial statements for the year ended 30 April 2022 (continued)

3 Intangibles

The Company had an intangible fixed asset balance of £3,282,000 at the end of the year (2021: £3,282,000).

4 Investment in Subsidiaries

Company	Total £'000
Cost	
At 1 May 2020	107,332
Realisation of financial investment	(992)
Additions	8,610
	<hr/>
At 30 April 2021	114,950
	<hr/>
Realisation of financial investment	(38)
Additions	3,000
	<hr/>
At 30 April 2022	117,912
	<hr/>

A full list of subsidiary and other related undertakings is given in Note 14 of the Consolidated Financial Statements.

During the current year, the Company increased the investment in a subsidiary entity, Rocco Forte & Family (Hotel Management) Limited through a share purchase.

5 Debtors: amounts falling due within one year

	Company 2022 £'000	Company 2021 £'000
Other debtors	285	127
Amounts owed by Group companies	8,049	3,958
Prepayments and accrued income	105	121
	<hr/>	<hr/>
	8,439	4,206
	<hr/>	<hr/>

6 Debtors: amounts falling due after more than one year

	Company 2022 £'000	Company 2021 £'000
Amounts owed by Group companies	189,116	188,716
Derivative financial asset	596	180
	<hr/>	<hr/>

Rocco Forte Hotels Limited

Notes forming part of the parent financial statements
for the year ended 30 April 2022 (*continued*)

7 Creditors: amounts falling due within one year

	Company 2022 £'000	Company 2021 £'000
Amounts owed to Group companies	1,149	187
Trade creditors	133	193
Accruals	2,879	3,133
Payroll taxes	5	11
Corporation tax	-	182
	<u>4,166</u>	<u>3,706</u>

8 Creditors: amounts falling due after more than one year

	Company 2022 £'000	Company 2021 £'000
Borrowings	150,004	145,879
Derivative financial instruments	556	9,676
Deferred tax liability	11	-
	<u>150,571</u>	<u>155,555</u>

Refer to Note 21 of the consolidated financial statements for information on derivative financial instruments.

Borrowings are repayable as follows:

	Company 2022 £'000	Company 2021 £'000
- between one and two years	-	-
- between two and five years	18,681	-
- between five and ten years	131,323	145,879
	<u>150,004</u>	<u>145,879</u>

Refer to Note 20 of the consolidated financial statements for more details on the bank borrowings.

9 Share capital

Details of the Company's share capital are given in Note 24 of the consolidated financial statements.