

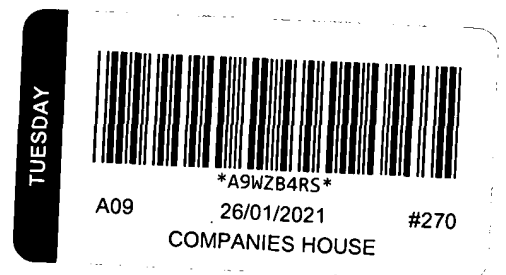
Rocco Forte & Family (Italy) Limited

Report and Financial Statements

Year ended

30 April 2020

Company Number 3391144



Rocco Forte & Family (Italy) Limited

**Report and financial statements
for the year ended 30 April 2020**

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Directors

The Hon Sir Rocco J V Forte
The Hon Mrs Olga M L A Polizzi Di Sorrentino
Rachel Ellen

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 5L

Rocco Forte & Family (Italy) Limited

Strategic report for the year ended 30 April 2020

The Directors present their strategic report and the audited financial statements for the year ended 30 April 2020.

Review of operations

The Company is a holding company that has a 95% investment in an Italian subsidiary Rocco Forte & Family (Rome) S.p.A and a minority investment in another Italian entity, Sir Rocco Forte & Family (Mediterranea Golf & Resort) S.p.A. Rocco Forte & Family (Rome) S.p.A leases Hotel De Russie in Rome and holds investments in a number of Italian subsidiaries which lease and own a number of hotels including: Verdura Resort in Sicily; Hotel Savoy in Florence; Hotel de la Ville in Rome; and Masseria Torre Maizza in Puglia. Other business interests also include the lease of the Babuino Apartments in Rome which opened in the current year, the Verdura Villa development, and The Grand Hotel, Villa Ignea in Palermo which are currently under construction. The Directors are optimistic regarding the prospects for future growth.

The loss for the year after taxation was £363,000 (2019 – £134,000). The Directors do not propose to pay a dividend this year (2019 - £Nil).

In addition to regular review of the financial performance of the company, the Directors closely monitor a number of performance indicators alongside the financial results in the underlying hotel investments. These include the rate and occupancy performance of the hotel compared to their local competitive sets, independent assessments of service quality against operational service standards, employment engagement surveys, direct research with customers, comment cards and online feedback direct to the hotel or through the feedback website.

The Directors were satisfied with the performance of the Company and the underlying hotel investments during the financial year.

Future developments

The Company and its subsidiaries continue to invest in the hotels through on-going capital investment programmes so as to support, maintain and strengthen their respective positions in the local market as well as help maintain the brand's position as one of the leading luxury hotel companies in the world.

Covid-19 pandemic implications and actions

The Covid-19 pandemic has had a significant impact on society which has resulted in considerable economic disruption across the globe. During the month of March, the underlying investments had to close temporarily as a result of the restrictions imposed on the hospitality industry. The underlying investments re-opened the hotels in July and August, albeit with significant restrictions on operations to comply with best local practice Covid-19 safety requirements.

Prior to reopening the hotels, the underlying investments worked closely with local authorities and other specialist advisors to devise rigorous safety guidelines and protocols which complied with best practice Covid-19 safety measures. A senior team member was appointed as a dedicated health and safety officer with responsibility for ensuring adherence with Covid-19 safety measures. The Group invested heavily in safety equipment, revised service guidelines, reconfigured hotel properties and required all employees to participate in extensive safety training before returning to work. Trading in August and September was encouraging and surpassed initial expectations set on reopening the estate. However, demand has weakened more recently as strict Covid-19 restrictions were reintroduced across Europe. With limited international travel, demand has been predominantly from domestic markets.

While Covid-19 infection rates are high and significant restrictions are imposed on social activities, hospitality demand will remain depressed. It is unclear how long these challenging market conditions will prevail. The directors therefore recognise that there is uncertainty over which they have no control. In response, the underlying investments have taken a number of steps, including, but not limited to: availing of Covid-19 related government incentives; tax reliefs; cost containment measures; renegotiating existing commitments; deferring additional short-term commitments; extending and amending existing financing facilities; and entering new funding facilities.

The underlying investments and the wider Group has modelled a range of outcomes based on different scenarios of how long it will take for normalised trading to resume. Until the trading environment improves, the Company and the underlying investments will contain costs and optimise the use of reserves.

Rocco Forte & Family (Italy) Limited

Strategic report for the year ended 30 April 2020

Funding arrangements

The Company is funded through internal Group funding arrangements, via a long term loan with floating rates of interest. The Group has core financial facilities to which the Company is party with Bank of Scotland and ICICI Bank. Separate financing arrangements are in place with Unicredit S.p.A. (Unicredit) and Banca Popolare di Milano S.c.a.r.l (BPM) for Verdura Resort in Sicily, of which a portion of the facility relates to the Rocco Forte Villas SRL development.

An underlying investment has funding arrangements with the Italian State development body, Invitalia for the Verdura Villa development which will provide €11.4m and €3.7m in debt and grant funding respectively. At the year end, the underlying investment had drawn €5.9m of the debt facility and received €1.6m of the allocated grant.

During the year, an underlying investment entered a bridge financing facility with MedioCredito Centrale S.p.A. (MCC) in respect of the Villa Ignea development. The €5m facility is in place until March 2023 and was fully drawn at the reporting date.

After the reporting date, in June 2020 an underlying investment entered a bridge financing facility with MCC in respect of the Verdura Villa developments. The €4m facility is in place until December 2021.

In November 2020, an underlying investment entered into a six-year syndicated SACE facility of €43.5m with UniCredit, BPM and Cassa Depositi e Prestiti S.p.A. (CDP). This funding is supported by a partial Italian State guarantee administered by the body, SACE in response to the Covid-19 pandemic. This funding is ring-fenced to certain Italian operations and will support future development activity in this jurisdiction.

Principal risks and uncertainties

The Directors consider the following to be the principal risks and uncertainties facing the Company and its underlying investments:

- Covid-19 and other pandemic-related restrictions imposed on the travel and hospitality industries;
- Increased competition and supply in the luxury hotel market in Italy;
- Any terrorist activities that could deter international travel;
- Cyber-attacks could disrupt business continuity or compromise the integrity and security of customer and employee data;
- Global issues such as conflicts and disputes that could affect international travel;
- Possible economic downturn and the associated impact on domestic and international travel; and
- Exchange and interest rate movements.

Given the wider Group's strong liquidity, the continued support of lenders and the steps taken to date to contain the cost base during this period of uncertainty, the Directors believe that 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 1 of the financial statements.

The Directors take measures to minimise the Company's exposure to these risks on an ongoing basis. These risks and uncertainties are constantly monitored and managed through the Company's internal control processes and reporting structures.

Environmental sustainability

The Company and its underlying investments are committed to minimising the impact of the hotels on the environment and to adopting sustainable policies across all activities. In the last year, a task force was established to enhance the sustainability policies of the Company and the wider Group and to formulate a roadmap to achieve the organisation's sustainability targets. Key activities undertaken at the underlying investment in the last year, include: performing gap analysis at the hotel; establishing green teams; highlighting awareness amongst employees and guests; reviewing the consumption of single-use plastic; implementing energy-saving solutions; and examining waste-free options.

The underlying investments have started tracking performance in this important area and in the future the organisation expects to report on environmental and sustainability governance, strategy, risk management and the underlying investments' performance using the Task Force on Climate related Financial Disclosures framework published by the Financial Reporting Council.

Rocco Forte & Family (Italy) Limited

Strategic report for the year ended 30 April 2020

Duty to promote the success of the Company

The Directors work to promote to success of the Company 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 oversees approval, endorsement, review and monitoring functions. In discharging these functions, the Board delegates certain responsibilities to key management personnel, who report back to the Board on key areas of focus. The success of the Company and the wider Group is determined by positive and effective stakeholder engagement. The Company and the wider Group's key stakeholders are considered to be investors and debtholders, customers, suppliers, employees and the communities and environments in which the Company operates. All decisions made by the Directors consider the impact on each stakeholder group. Throughout the year the Company and the wider Group proactively communicated the organisation's objectives and strategy to each stakeholder grouping.

The principal decisions made by the Board relate to the Company and the wider Group's response to the challenges presented by the Covid-19 pandemic and the restrictions imposed on the hospitality industry. The Board's strategy and decisions have been disclosed throughout the financial statements. The Directors confirm that throughout the year they have acted in good faith to promote the success of the Company for the benefit of its members as a whole.

This strategic report was approved on behalf of the Board on 16 December 2020 by:



The Hon Sir Rocco J V Forte
Director

Rocco Forte & Family (Italy) Limited

Directors' report for the year ended 30 April 2020

The Directors present their annual report and the audited financial statements for the year ended 30 April 2020.

Directors

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

The Hon Sir Rocco J V Forte
The Hon Mrs Olga M L A Polizzi Di Sorrentino
Rachel Ellen

Results and dividends

The loss for the year after taxation was £363,000 (2019 – £134,000). The Directors do not propose the payment of a dividend (2019 - £Nil).

Financial risk management

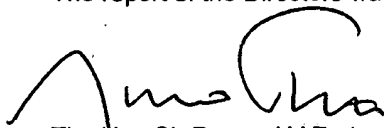
The main financial risks faced by the Company relate to interest rates and foreign currency. These risks are managed at a Group level, under the control of the Group Finance Director and within policies approved by the Board. The Group's financial risk management objective is broadly to seek to make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

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.

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



The Hon Sir Rocco J V Forte
Director

16 December 2020

Rocco Forte & Family (Italy) Limited

Directors' responsibilities statement for the year ended 30 April 2020

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 & Family (Italy) Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ROCCO FORTE & FAMILY (ITALY) LIMITED

Opinion

We have audited the financial statements of Rocco Forte & Family (Italy) Limited ("the Company") for the year ended 30 April 2020 which comprise the profit and loss statement, the balance sheet, the 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates the directors' considerations over going concern including the potential impact of COVID-19, the level of available funding, including facilities negotiated subsequent to the year end and that the Group, and through its cross-guarantee with other group entities within the primary facilities group, the Company, is reliant on agreeing revised covenants with its primary lenders before its next year end and meeting these covenants or agreeing further waivers or agreeing a suitable cure. Notwithstanding the availability of financial resources at the Group's disposal, in the event that bank covenant breaches occurred and further waivers could not be obtained, or a suitable cure agreed then the Group, and therefore the Company, would need to seek alternative financial arrangements. As stated in note 1 to the financial statements these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Rocco Forte & Family (Italy) 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Rocco Forte & Family (Italy) Limited

Independent auditor's report (*continued*)

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 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 Company or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located at 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

17 December 2020

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

Rocco Forte & Family (Italy) Limited

Profit and loss statement for the year ended 30 April 2020

	Note	2020 £'000	2019 £'000
Interest receivable and similar income	2	1,628	994
Interest payable and similar charges	3	(1,991)	(1,128)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	4	(363)	(134)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss and total comprehensive loss for the year		(363)	(134)
		<hr/>	<hr/>

All activities are in respect of continuing operations.

The notes on pages 12 to 17 form part of these financial statements.

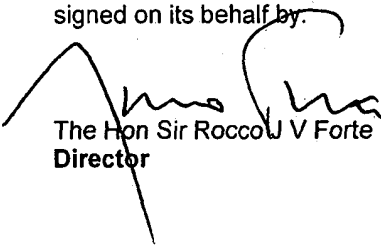
Rocco Forte & Family (Italy) Limited

Company number 3391144

Balance sheet at 30 April 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments	6		17,160		17,160
Current assets					
Debtors due after more than one year	7	43,176		46,409	
		<u>43,176</u>		<u>46,409</u>	
Total assets			<u>60,336</u>		<u>63,569</u>
Creditors: amounts falling due after more than one year	8		(51,879)		(54,749)
Net assets			<u>8,457</u>		<u>8,820</u>
Capital and reserves					
Called up share capital	9		-		-
Capital contribution	9		13,458		13,458
Profit and loss account	9		(5,001)		(4,638)
Shareholder's funds			<u>8,457</u>		<u>8,820</u>

The financial statements were approved by the Board and authorised for issue on 16 December 2020. They were signed on its behalf by.


The Hon Sir Rocco V Forte
Director

The notes on pages 12 to 17 form part of these financial statements.

Rocco Forte & Family (Italy) Limited

Statement of Changes in Equity for the year ended 30 April 2020

	Share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
Balance at 1 May 2019	-	13,458	(4,638)	8,820
Loss for the year	-	-	(363)	(363)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2020	-	13,458	(5,001)	8,457
	<hr/>	<hr/>	<hr/>	<hr/>

Statement of Changes in Equity for the year ended 30 April 2019

	Share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
Balance at 1 May 2018	-	13,458	(4,504)	8,954
Loss for the year	-	-	(134)	(134)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2019	-	13,458	(4,638)	8,820
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 17 form part of these financial statements.

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements for the year ended 30 April 2020

1 Accounting policies

Statement of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is pound sterling and amounts have been presented in round thousands ("£000s").

The Company's immediate and ultimate parent company, Rocco Forte Hotels Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Rocco Forte Hotels Limited, which is incorporated in the UK, are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publicly available.

In preparing the financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore the following disclosures have not been provided:

- A statement of cash flows;
- Certain comparative information as otherwise required by EU endorsed IFRS;
- Disclosure of related party transactions with other wholly owned members of the group headed by Rocco Forte Hotels Limited;
- Certain financial instrument disclosures as provided in the consolidated financial statements of Rocco Forte Hotels Limited; and
- The effect of future accounting standards not yet adopted.

Exemption from preparation of group accounts

The financial statements contain information about Rocco Forte & Family (Italy) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger group.

Going concern assessment

As described in Note 10 the Company is party to a Group loan facility over which Group lenders have a cross guarantee. The Company has prepared the financial statements for the year ended 30 April 2020 on a going concern basis.

In light of the challenging economic environment, the Group has taken a number of steps, including, but not limited to: availing of Covid-19 related government incentives; tax reliefs; cost containment measures, including temporary salary reductions and redundancies; renegotiating existing commitments and deferring short-term expenditure; suspending shareholder dividend payments; extending and amending existing financing facilities; and securing new funding facilities. In addition, the Group's primary lenders have agreed to waive short-term covenant reporting obligations for the financial year ending April 2021 and amend future performance related obligations in advance of the financial year starting May 2021, when the future economic conditions are likely to be less volatile, such that more reliable forecasts can be produced. The Directors are confident that such amendments will proceed as anticipated.

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

1 Accounting policies (continued)

Going Concern (continued)

As noted above, while the Directors have every expectation that covenant obligations within the primary lenders facilities for the financial year starting May 2021 will be agreed with a view to providing every opportunity for trading patterns to allow these to be met, there is an inherent uncertainty within this which is beyond the control of the Board. Notwithstanding the availability of financial resources at the Group's disposal, in the event that bank covenant breaches occurred and further waivers could not be obtained, or a suitable cure agreed then the Group, and therefore the Company, would need to seek alternative financial arrangements. As a result a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Given the Group's strong liquidity, the continued support of lenders, the Board's confidence in agreeing appropriate covenants for the next financial year and the steps taken to date to contain the cost base during this period of uncertainty, the Directors believe that the Company has sufficient financial resources to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

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 profit and loss statement.

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 profit and loss statement.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to functional currency at the relevant rates of exchange ruling on the last day of the period. Foreign exchange differences arising on translation are recognised in the profit and loss statement. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of transaction.

Income and expenses

Interest receivable and payable is recognised in the profit and loss statement as it accrues, using the effective interest rate method.

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

1 Accounting policies (continued)

Taxation

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. 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.

Cash at bank and in hand

Cash is represented by cash in hand and deposits held at call with financial institutions.

Critical accounting estimates and assumptions

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment testing

Investments and intercompany debtors are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable.

The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Information on the discount rates and key judgements are included in note 3 to the consolidated financial statements of Rocco Forte Hotels Limited. No impairment was identified for the year ended 30 April 2020.

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements for the year ended 30 April 2020 (continued)

2 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from a group company	1,628	846
Foreign exchange gain	-	148
	<u>1,628</u>	<u>994</u>

3 Interest payable and similar charges

	2020 £'000	2019 £'000
Interest payable to parent company	1,924	1,128
Foreign exchange loss	67	-
	<u>1,991</u>	<u>1,128</u>

4 Loss on ordinary activities before taxation

Auditor's remuneration for audit services of the Company for the year of £4,500 (2019 - £4,400) and tax compliance fees of £925 (2019 - £750) have been borne by the parent company, Rocco Forte Hotels Limited.

The Company had no employees during the year and the prior year. The Directors received no remuneration in respect of services provided to the Company during the year (2019 - £Nil).

5 Tax on loss on ordinary activities

There is no tax payable in 2020 (2019 - £Nil).

There are no recognised deferred tax assets or liabilities as at 30 April 2020 (2019 - £Nil).

The net unrecognised deferred tax assets, relating to tax losses, as at 30 April 2020 were £102,000 (2019 - £91,000).

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

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(363)	(134)
Tax credit at 19% (2019 - 19%)	(69)	(25)
Effects of:		
Group relief surrendered for nil payment	56	53
Expenses not deductible for tax purposes	13	(28)
Total tax charge for the year	<u>-</u>	<u>-</u>

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements
for the year ended 30 April 2020 (continued)

6 Investments

	2020 £'000	2019 £'000
Cost	19,064	19,064
Impairments	(1,904)	(1,904)
Net book value	17,160	17,160

The Company has investments in the following companies:

Subsidiary companies	Country of incorporation	Principal activity	Holding %
Rocco Forte & Family (Rome) S.p.A.	Italy	Hotel operation	95.00
Sir Rocco Forte & Family (Mediterranea Golf & Resort) S.p.A.	Italy	Hotel, spa and golf operation	94.98
Rocco Forte & Family (Florence) SpA	Italy	Hotel operation	95.00
Verdura Golf Club Societa Sportiva Dilettantistica a responsabilita Limitata SRL	Italy	Golf operation	94.98
Rocco Forte Villas SRL	Italy	Property development & management	94.98
Verdura Societa Agricola a R.L.	Italy	Agriculture production & retail	94.98
Rocco Forte and Family (Hotel De la Ville Roma) SRL	Italy	Hotel operation	94.98
Rocco Forte and Family (Puglia) SRL	Italy	Hotel operation	95.00
RFFA SRL	Italy	Hotel operation	95.00
RFFB SRL	Italy	Hotel operation	95.00
RFFC SRL	Italy	Dormant company	95.00

All of the companies listed above are incorporated in Italy with a registered address at Via del Babuino 9, 00187 Rome, Italy.

7 Debtors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts due from subsidiary company	43,176	46,409

Amounts due from a subsidiary company bore an interest rate of 3.40%. The loan is due for repayment on 21 September 2025.

After the reporting date, the Company amended this facility and extended the repayment date to 31 December 2026.

Rocco Forte & Family (Italy) Limited

Notes forming part of the financial statements
for the year ended 30 April 2020 (continued)

8 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts due to parent company	51,879	54,749

Amounts due to the parent company bore an interest rate of 3.40%. The loan is due for repayment on 21 September 2025.

After the reporting date, the Company amended the intercompany loan repayment date to 31 December 2026.

9 Called up share capital

The following describes the nature and purpose of each reserve within equity.

Share Capital - Nominal value of share capital subscribed for. The Company has one ordinary share of £1 in issue.

Capital contribution - Capital contribution from Rocco Forte Hotels Limited, its immediate and ultimate parent company.

Profit and loss account - All net gains and losses and transactions with owners (dividends).

10 Contingent liabilities

The Company is party to a group loan facility over which the Group's bankers have a cross guarantee secured by way of a fixed and floating charge on the assets of certain group companies. The amount outstanding on this facility at 30 April 2020 was £131,201,000 (2019 - £138,351,000).

11 Ultimate parent company and controlling party

The Directors regard Rocco Forte Hotels Limited as the immediate and ultimate parent company. This is also the largest and the smallest group in which the results of the Company are consolidated. Copies of the Group financial statements of Rocco Forte Hotels Limited are publicly available.

The Hon. Sir Rocco J V Forte, a Director of Rocco Forte Hotels Limited, and members of his close family control the Company as a result of controlling directly or indirectly 75% of the issued share capital of Rocco Forte Hotels Limited (2019 - 75%).