Registered No 05936498

Rome PIK Holdco Limited

Report and Financial Statements

31 May 2010

Directors
G W Ford
B J Price

Secretary
B J Price

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Bank of Scotland
The Mound
Edinburgh EH1 1YZ

Solicitors
PWC Legal
1 Embankment Place
London WC2N 6DX

Registered Office
3 Neal Street
London WC2H 9PU

Directors' report

Registered No: 05936498

The directors present their report and financial statements for Rome PIK Holdco Limited ("the company") for the year ended 31 May 2010

Results and dividends

The company made a profit before taxation of £1 0m (2009 – profit of £3 3m) No dividend is proposed

Principal activities and review of the business

Rome PIK Holdco Limited is an intermediate holding company which directly owns Rome Pikco Limited

The company is one of a group of companies set up to facilitate the acquisition by Saratoga Limited of Caffe Nero Group Limited in 2007

Directors

The directors who served during the year were those listed on page 1

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meets its liabilities as they fall due for the foreseeable future

The company's immediate parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of amounts owed totalling £183,605,000 until such time as the company is able to meet these liabilities

Rome Pikco Limited is the company's 100% subsidiary On 5 January 2011, Rome Pikco Limited refinanced all of its existing third party debt facilities in order to take advantage of its enhanced EBITDA and to reduce its overall cost of funds It has also agreed new banking covenants with its new lenders Its forecasts show these covenants are all met comfortably for the foreseeable future

The new external facilities may be summarised as follows

- Senior term loans totalling £90m, maturing in 2017
- Mezzanine term loan of £50m, maturing in 2021
- Pik loan of £49m, maturing in 2021

Additionally, Rome Pikco Limited has access to a £7m capital expenditure facility and a £3m revolving credit facility

The directors have also produced cash flow forecasts which indicate that the company can continue as a going concern

In making this assessment, the Directors have taken into account the ongoing difficult macro-economic and trading environment prevailing in the UK and have reflected this in their assumptions on the Rome Pikco Limited's growth prospects They remain confident that they are achievable

Having made due and careful enquiry, the directors consider that there are no material uncertainties that may cast significant doubt over the company's ability to continue as a going concern

Treasury and risk management

The company had net assets at the year end of £12 7m (2009 – net assets of £11 7m) The company's ultimate shareholders hold Preferred Equity Certificates of a nominal value of £98 5m These liabilities and interest charges have been passed down the group in the form of deep discounted bonds and intercompany loans, and are reflected in the company's balance sheet The company's immediate parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of the amounts owed until such time as the company is able to meet these liabilities

Directors' report

Registered No: 05936498

Capital management

Capital comprises shareholders equity and financing from the company's parent undertakings At the year end the amount of each component of capital is as in the company balance sheet The company's capital management is impacted by the capital management decisions made by its parent undertakings The company has no externally imposed capital restrictions

Statement of disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

a) to the best of each director's knowledge and belief, there is no relevant audit information of which the company's auditors are unaware, and

b) each director has taken all the steps a director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 487 of the Companies Act 2006, the company has elected to dispense with the obligation under section 485 of the Companies Act 2006 to appoint auditors annually Ernst & Young LLP will continue in office until further notice

By order of the board

B J Price
Secretary

21 JAN 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the company and the financial performance and cash flows of the company for that period In preparing those financial statements the directors are required to

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Rome PIK Holdco Limited

We have audited the financial statements of Rome PIK Holdco Limited for the year ended 31 May 2010 which comprise the Income Statement, Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes 1 to 11 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Rome PIK Holdco Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

David Wilkinson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

21 January 2011

Income statement

for the year ended 31 May 2010

	Notes	2010 £000	2009 £000
Finance income	2	32,023	29,116
Finance expense	3	(31,038)	(25,791)
Profit before taxation		985	3,325
Tax on profit on ordinary activities	4	–	–
Profit attributable to equity holders of the company		985	3,325

Statement of comprehensive income

for the year ended 31 May 2010

	Notes	*2010* *£000*	*2009* *£000*
Profit for the year		985	3,325
Other comprehensive income		–	–
Total comprehensive income for the year		985	3,325

Total comprehensive income for the period is attributable to the owners of the Company, as there is no non-controlling interest

Balance sheet
at 31 May 2010

	Notes	2010 £000	2009 £000
Current assets			
Investments	5	100,474	100,474
Amounts due from subsidiary undertakings		95,837	63,814
Total assets		196,311	164,288
Non-current liabilities			
Financial liabilities	6	(183,605)	(152,567)
Total liabilities		(183,605)	(152,567)
Net assets		12,706	11,721
Equity			
Called up share capital	8	–	–
Share premium account		2,024	2,024
Retained earnings		10,682	9,697
Shareholders' equity		12,706	11,721

The financial statements were approved by the board of directors on 21 January 2011 and signed on its behalf by

G W Ford
Director

B J Price
Director

Statement of changes in shareholders' equity

for the year ended 31 May 2010

	Share capital £000	*Share premium account £000*	*Retained earnings £000*	*Total £000*
As 1 June 2008	–	2,024	6,372	8,396
Total comprehensive income for the year	–	–	3,325	3,325
As 1 June 2009	–	2,024	9,697	11,721
Total comprehensive income for the year	–	–	985	985
At 31 May 2010	–	2,024	10,682	12,706

Statement of cash flows

for the year ended 31 May 2010

The company's transactions have been funded by another group company through movements on intercompany financial statements and the company does not have a bank account Accordingly, the company had no cash flows during the period

Notes to the financial statements

at 31 May 2010

1. Accounting policies

Authorisation of financial statements and statement of compliance with IFRSs

The company financial statements for the year ended 31 May 2010 were authorised for issue by the board of the directors on 21 January 2011 Rome PIK Holdco Limited is a private limited company incorporated and domiciled in England and Wales

The company financial statements have been prepared in accordance with International Financial Reporting Standards as they apply to the financial statements for the year ended 31 May 2010 applied in accordance with the provisions of the Companies Act 2006 The financial statements are also consistent with International Financial Reporting Standards as adopted by the European Union

These financial statements have been prepared for the individual company only The company has taken advantage of the exemption available under section 400 of the Companies Act 2006 not to prepare group financial statements

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meets its liabilities as they fall due for the foreseeable future

The company's immediate parent undertaking, Rome Topco Unlimited, has confirmed to the directors that it will not seek repayment of amounts owed totalling £183,605,000 until such time as the company is able to meet these liabilities

Rome Pikco Limited is the company's 100% subsidiary On 5 January 2011, Rome Pikco Limited refinanced all of its existing third party debt facilities in order to take advantage of its enhanced EBITDA and to reduce its overall cost of funds It has also agreed new banking covenants with its new lenders Its forecasts show these covenants are all met comfortably for the foreseeable future

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Additionally, Rome Pikco Limited has access to a £7m capital expenditure facility and a £3m revolving credit facility

The directors have also produced cash flow forecasts which indicate that the company can continue as a going concern

In making this assessment, the Directors have taken into account the ongoing difficult macro-economic and trading environment prevailing in the UK and have reflected this in their assumptions on the Rome Pikco Limited's growth prospects They remain confident that they are achievable

Having made due and careful enquiry, the directors consider that there are no material uncertainties that may cast significant doubt over the company's ability to continue as a going concern

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year The nature of estimation means that actual outcomes could differ from those estimates

Notes to the financial statements

at 31 May 2010

1. Accounting policies (continued)

Basis of preparation

The company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except as otherwise indicated

Investments

Non-current asset investments are stated at cost less provision for impairment The carrying value of fixed asset investments is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

Interest bearing loans and overdrafts

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, when the company becomes party to the related contracts After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or as available for sale financial assets, as appropriate The company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end When financial assets are recognised initially, they are measured at fair value, being the transaction price, plus in the case of financial assets not a fair value through the profit or loss, directly attributable transaction costs

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place The subsequent measurement of financial assets depends on their classification, as follows

Held to maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the company has the positive intention and ability to hold to maturity Held to maturity investments are carried at amortised cost using the effective interest method Gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process Investments intended to be held for an undefined period are not included in the income statement

Loans and receivables

Loans and receivables are non–derivative financial assets that are designated as such After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement

Notes to the financial statements

at 31 May 2010

1. Accounting policies (continued)

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired

Assets carried at cost

If there is objective evidence that no impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date

The carrying amount of deferred income tax assets is reviewed at each balance sheet date Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the group to make a single net payment

Capital instruments

Ordinary shares are classified as equity instruments Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss

Notes to the financial statements

at 31 May 2010

1 Accounting policies (continued)

Audit fees and directors' emoluments

Audit fees and directors' emoluments are borne in full by the company's subsidiary undertaking, Caffe Nero Group Limited

Change of accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as described below

IAS 1 Presentation of financial statements

The revised standard introduces the statement of comprehensive income it presents all items of recognised income and expense, either in one single statement, or in two linked statements The company has elected to present two statements

The standards also requires an entity to present a balance sheet at the beginning of the earliest comparative period when it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements In these situations, the standard states that an entity shall present, as a minimum, three balance sheets, two of each of the other statements, and related notes As the Group adopted IFRIC 13 on a retrospective basis, it has presented a statement of financial position as at 1June 2008 The Group has also included notes to the balance sheet as at 1 June 2008, as appropriate

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates

International Accounting Standards (IAS / IFRSs)		**Effective date***
IFRS 1	Amendments to IFRS 1 – Additional Exemptions for First-time Adopters	1 January 2010
IFRS 1	Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 disclosures	1 July 2010
IFRS 2	Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRS 3	Business Combinations (revised January 2008)	1 July 2009
IFRS 9	Financial Instruments Classification & Measurement	1 January 2013
IAS 24	Related Party Disclosures (revised)	1 January 2011
IAS 27	Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009
IAS 32	Amendment to IAS 32 Classification of Rights Issues	1 February 2010
IFRS 9	Financial instruments	1 January 2013
IAS 39	Eligible Hedged Items	1 July 2009
	Improvements to IFRS	Various dates

International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 14	Amendment to IAS 19 Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 17	Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

*The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards

Notes to the financial statements

at 31 May 2010

1. Accounting policies (continued)

New standards and interpretations not applied (continued)

The narrative below relates to new standards and interpretations issued as at 31 May 2010 that have been identified as having a potential future impact on the group

The Group will apply the revised IFRS 3 it prospectively to all business combinations on or after 1 June 2010 Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price, and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill) The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement

IFRS 2 has been amended to clarify the accounting for group cash-settled share-based payment transactions, where a subsidiary receives goods or services from employees or suppliers but the parent or another entity in the group pays for those goods or services For consolidated financial statements, the amendment clarifies that if an entity receives goods or services that are cash settled by shareholders not within the group, they are outside the scope of IFRS 2

The amendment may have a significant effect on the cost recognised in separate financial statements of an entity that has material share-based payment awards that have not previously been accounted for in accordance with IFRS 2 Management will assess the impact of amendments to IFRS 2 on financial statement for year ended 31 May 2011 including any retrospective impact

The directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application

Notes to the financial statements

at 31 May 2010

2 Finance income

	2010 £000	2009 £000
Interest on loan to subsidiary undertaking	32,023	29,116

3 Finance expense

	2010 £000	2009 £000
Interest on loan from parent undertaking	31,038	25,791

4 Tax

Tax on profit on ordinary activities

There is no tax charge for the year ending 31 May 2010 (2009 – £nil)

	2010 £000	2009 £000
Profit on ordinary activities before tax	985	3,325
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	276	931
Group relief received for nil payment	(276)	(931)
Total current tax	–	–

Notes to the financial statements

at 31 May 2010

5. Current asset investments

	Loans to subsıdıary undertakıngs	*Shares ın subsıdıary undertakıngs*	*Total*
	£000	*£000*	*£000*
Cost			
At 31 May 2009 and 31 May 2010	98,450	2,024	100,474

In the opınıon of the dırectors, the aggregate value of the ınvestment ın subsıdıary undertakıngs ıs not less than the amount at whıch ıt ıs stated ın the balance sheet

The company owns the entıre share capıtal of Rome Pıkco Lımıted, whıch ıs the holdıng company of Rome Bıdco Lımıted, whıch owns the entıre ıssued equıty share capıtal of Caffe Nero Group Lımıted, whıch operates Italıan style coffee bars

The loan to the company's subsıdıary undertakıng ıs repayable on demand, together wıth all ınterest accrued on ıt Interest accrues on the outstandıng prıncıpal amount of debt and any unpaıd ınterest at a rate agreed by the lender and borrower Interest ıs payable on such day or days as may be agreed by the lender and borrower

Detaıls of company undertakıngs

Detaıls of the ınvestments ın whıch the company holds 20% or more of the nomınal value of any class of share capıtal are as follows

Name of company	*Holdıng*	*Proportıon of votıng rıghts and shares held*	*Nature of busıness*
Subsıdıary undertakıngs			
Rome Pıkco Lımıted	Ordınary shares	100%	Holdıng Company

Notes to the financial statements

at 31 May 2010

6 Financial liabilities

As at 31 May 2010

	Current £000	Non-current £000	Total 2010 £000
Interest bearing loans and borrowings			
Loan from parent undertaking	–	98,450	98,450
Rolled up interest due to parent undertaking	–	85,155	85,155
Total	–	183,605	183,605

As at 31 May 2009

	Current £000	Non-current £000	Total 2009 £000
Interest bearing loans and borrowings			
Loan from parent undertaking	–	98,450	98,450
Rolled up interest due to parent undertaking	–	54,117	54,117
Total	–	152,567	152,567

The loan from the company's parent undertaking is repayable in January 2107, unless an earlier repayment date is agreed between the two parties Interest is payable at 25 125% per annum in the first year, 23 125% per annum in the second year, 20 125% per annum in the third year and 19 125% per annum thereafter

The loan is carried at amortised cost using the effective interest rate method The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount

Notes to the financial statements

at 31 May 2010

7. Financial instruments

The company's principal financial instruments comprise its loan from its parent undertaking and amounts due from subsidiary undertakings, the main purpose of which are to raise and provide finance for the company's operations and acquisitions It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken

The main risks arising from company's financial instruments is liquidity risk, there is no currency risk as all financial instruments are held in sterling The Board reviews and agrees policies for managing each of these risks and these policies are summarised below

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of intercompany loans and facilities

The loans from the company's parent undertaking are repayable in January 2107, unless an earlier repayment date is agreed between the two parties However, Rome Topco Unlimited, the company's parent, has confirmed to the directors that it will not seek repayment of these loans until such time as the company is able to meet these liabilities

Interest on the loan from the company's parent is payable at 25 125% per annum in the first year, 23 125% per annum in the second year, 20 125% per annum in the third year and 19 125% per annum thereafter The effective annual interest rate on the loan is 20 18%, based on the assumption that the loan will be repaid no later than 2037 This assumption has been made on the basis that the loan with the parent company mirrors the terms of the deep discount bonds held by the parent company, which must be redeemed by 2037

The contract maturity table below assumes that interest will continue to be accrued until 2037

Year ended 31 May 2010

	On demand	*Within 1 year*	*1-5 years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Loan from parent undertaking	–	–	–	98,450	98,450
Rolled up interest on loan from parent undertaking	–	–	–	24,370,724	24,370,724
	–	–	–	24,469,174	24,469,174

Year ended 31 May 2009

	On demand	*Within 1 year*	*1-5 years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Loan from parent undertaking	–	–	–	98,450	98,450
Rolled up interest on loan from parent undertaking	–	–	–	24,370,724	24,370,724
	–	–	–	24,469,174	24,469,174

Notes to the financial statements
at 31 May 2010

7. Financial instruments (continued)
Interest rate risk profile of financial assets and liabilities

The interest rate profile of the financial assets and liabilities of the company at the period end denominated in sterling were as follows

Year ended 31 May 2010

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*More than 5 years £000*	*Total £000*
Fixed rate							
Loan from parent undertaking	–	–	–	–	–	(98,450)	(98,450)
Rolled up interest on loan from parent undertaking	–	–	–	–	–	(85,155)	(85,155)
Loan to subsidiary undertaking	98,450	–	–	–	–	–	98,450
Rolled up interest on loan to subsidiary undertaking	95,837	–	–	–	–	–	95,837

Year ended 31 May 2009

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*More than 5 years £000*	*Total £000*
Fixed rate							
Loan from parent undertaking	–	–	–	–	–	(98,450)	(98,450)
Rolled up interest on loan from parent undertaking	–	–	–	–	–	(54,117)	(54,117)
Loan to subsidiary undertaking	98,450	–	–	–	–	–	98,450
Rolled up interest on loan to subsidiary undertaking	63,814	–	–	–	–	–	63,814

Fair values of financial assets and liabilities

The book values of financial liabilities of the company are set out below The directors consider that there were no material differences between the book values and fair values of all the company financial assets and liabilities at each year end

	2010 £000	*2009 £000*
Cash at bank and in hand	–	–
Loan from parent undertaking, including rolled up interest	(183,605)	(152,567)
Loan to subsidiary undertaking, including rolled up interest	194,287	162,264

Notes to the financial statements
at 31 May 2010

8. Authorised and issued share capital

	£1 ordinary shares	
Authorised	*No*	*£*
	100	100

	£1 ordinary shares	
Allotted, called up and fully paid	*No*	*£*
At 1 June 2009 and 31 May 2010	51	51

The company has one class of shares with equal voting rights Consideration received on the issue of shares was £2,024,000 split £51 as share capital and £2,023,949 as share premium

9. Related party transactions

The following transactions took place between the company and related parties during the year

- £32 0m of interest has accrued during the year on a loan made from the company to its subsidiary, Rome Pikco Limited, in the prior period The loan and related interest is repayable on demand of the company
- £31 0m of interest has accrued during the year on a loan made to the company by the company's parent undertaking, Rome Topco Unlimited, in the prior period The loan and the interest due on it are repayable in January 2107, unless an earlier repayment date is agreed between the two parties

10. Post balance sheet event

On 5 January 2011, Rome Pikco Limited, a subsidiary of the company refinanced all of its existing third party debt facilities in order to take advantage of the its enhanced EBITDA and to reduce its overall cost of funds It has also agreed new banking covenants with its new lenders Rome Pikco Limited's forecasts show these covenants are all met comfortably for the foreseeable future

The new external facilities may be summarised as follows

- Senior term loans totalling £90m, maturing in 2017
- Mezzanine term loan of £50m, maturing in 2021
- Pik loan of £49m, maturing in 2021

Additionally, Rome Pikco Limited has access to a £7m capital expenditure facility and a £3m revolving credit facility

11. Ultimate parent undertaking and controlling party

At the year end, the company's ultimate parent undertaking and controlling party was Saratoga Limited, a company incorporated in the Isle of Man The company's immediate parent undertaking was Rome Topco Unlimited

Rome Holdco Sarl is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared Copies of the group financial statements for Rome Holdco Sarl will be available from Rome Holdco Sarl at 46A Avenue JF Kennedy, L-1855 Luxembourg