Rome Topco Unlimited

Report and Financial Statements

31 May 2017

Directors
G W Ford
B J Price

Secretary
B J Price

Auditors
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Strategic report

The directors present their report and financial statements for Rome Topco Unlimited ('the company') for the year ended 31 May 2017.

Principal activities and review of the business

Rome Topco Unlimited is an intermediate parent undertaking and holds the share capital of Rome Pik Holdco Limited ('Pik Holdco'). Due to its principal activity of being a parent undertaking, the directors do not consider specific key performance indictors to exist. The company is one of a group of companies set up to facilitate the acquisition of Italian Coffee Holdings Ltd (formerly Caffe Nero Group Limited) in 2007 by its ultimate parent.

Treasury and risk management

During the year, the company's parent undertaking, Rome Intermediate Holdings Sarl, entered into a deed of release with the company to release the company from its obligations and liabilities under the deep discounted bonds that the company had issued to its parent undertaking in 2007. The company continues to hold a shareholder loan due from PIK Holdco which is reflected on its balance sheet.

Capital management

Capital comprises shareholders equity and financing from the company's parent undertakings. The company's capital management is impacted by the capital management decisions made by its various parent undertakings. The company has no externally imposed capital restrictions.

Principal risks and uncertainties

The directors continually identify, evaluate and manage material risks and uncertainties faced by the company, which could adversely affect the company's business, operating results and financial condition. The directors consider the principal risks and uncertainties facing the business to comprise the following:

Company specific risks:

- A breakdown in internal control through fraud or error.

The company continually monitors exposure to this risk and has developed policies and appointed qualified personnel to mitigate its exposure.

Broader sector or macroeconomic risks:

- The loss of key personnel or the failure to manage succession planning.

BJ Price
Director

11 December 2017

Directors' report

Results and dividends

The company generated a profit before taxation for the year £4.8m (2016 – profit of £2.1m). No dividend is proposed (2016 – nil).

In 2017, Rome Intermediate Holdings Sarl entered into a deed of release with the company to release the company from its obligations and liabilities under the deep discounted bonds.

Directors

The directors who served the company during the year were as follows:

G W Ford
B J Price

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 is part of a group of companies that are dependent on the ongoing trading and financing activities of Caffe Nero Group Holdings Ltd (formerly Rome Pikco Limited), one of the company's 100% subsidiary's ('the group'). The directors of the group have produced cash flow forecasts that indicate that the group will continue as a going concern for the foreseeable future, which is no less than 12 months from the date of approving these financial statements.

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 group's growth prospects. The directors remain confident their forecasts are achievable.

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors.

By order of the Board

BJ Price
Director

11 December 2017

Statement of directors' responsibilities

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 International Financial Reporting Standards as adopted by the European Union.

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 the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 Topco Unlimited

We have audited the financial statements of Rome Topco Unlimited for the year ended 31 May 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 9. 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 auditor

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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. In addition, we read all the financial and non-financial information in the In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us during the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2017 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, 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;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditors' report

to the members of Rome Topco Unlimited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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

11 December 2017

Statement of comprehensive income

for the year ended 31 May 2017

	Note	*2017* *£000*	*2016* *£000*
Finance cost payable to parent undertaking		(11,080)	(12,653)
Finance income from subsidiary undertaking		15,896	14,719
Profit before taxation		4,816	2,066
Income tax	3	–	–
Profit for the year		4,816	2,066
Other comprehensive income		–	–
Total comprehensive income		4,816	2,066

The results in the current and prior year arise solely from continuing operations.

Statement of financial position

at 31 May 2017

	Notes	2017 £000	2016 £000
Non-current assets			
Investments	4	112,624	112,624
Amounts due from subsidiary undertakings	4	205,763	189,867
Total assets		318,387	302,491
Non-current liabilities			
Deep discount bonds	5	–	(163,003)
Total liabilities		–	(163,003)
Net assets		318,387	139,488
Capital and reserves			
Called up share capital	7	–	–
Share premium account		14,735	14,735
Capital contribution from shareholder		96,320	96,320
Other reserves		174,083	–
Retained earnings		33,249	28,433
Total equity		318,387	139,488

The financial statements were approved by the board of directors on 11 December 2017 and signed on its behalf by:

GW Ford
Director

BJ Price
Director

Statement of changes in equity

for the year ended 31 May 2017

	Called up share capital	*Share premium account*	*Capital contribution from shareholder*	*Other reserve**	*Retained earnings*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 June 2015	–	14,735	96,320	–	26,367	137,422
Total comprehensive income for the year	–	–	–	–	2,066	2,066
At 31 May 2016	–	14,735	96,320		28,433	139,488
Release of deep discounted bonds	–	–	–	174,083	–	174,083
Total comprehensive income for the year	–	–	–	–	4,816	4,816
At 31 May 2017	–	14,735	96,320	174,083	33,249	318,387

**Other reserve*

The nature and purpose of this reserve is to record the release of deep discounted bonds which occurred in the year.

Notes to the financial statements

at 31 May 2017

1. Accounting policies

Authorisation of financial statements and statement of compliance with IFRSs

Rome Topco Unlimited is a private limited company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union as applicable for the year ended 31 May 2017 applied in accordance with the provisions of the Companies Act 2006.

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 as the results of the company are included in the consolidated financial statements of an intermediate parent undertaking and are publicly available (as set out in note 9).

The company's transactions have been funded by another group company and the company does not have a bank account. Accordingly, the company had no cash flows during the year and no statement of cash flows is presented.

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 is part of a group of companies that are dependent on the ongoing trading and financing activities of Caffe Nero Group Holdings Ltd, one of the company's 100% subsidiary's ('the group'). The directors of the group have produced cash flow forecasts that indicate that the group will continue as a going concern for the foreseeable future, which is no less than 12 months from the date of approving these financial statements.

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 group's growth prospects. The directors remain confident their forecasts are achievable.

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

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 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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are the measurement and impairment of investments (note 4) and the recoverability of intra-group receivables (note 6). The company identifies whether investments are impaired on an annual basis, and this requires an assessment of indicators of impairment and an estimation of the value in use of the group of cash generating units. This involves estimation of future cash flows and choosing a suitable discount rate. The recoverability of intra-group receivables is evaluated through its assessment of the ability of the debtor to pay in the context of the wider group's trading and capital structure.

Basis of preparation

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

Notes to the financial statements

at 31 May 2017

1. Accounting policies (continued)

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.

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 statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets that are designated as such or are not classified in any other category.

Assets carried at cost

If there is objective evidence that an 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.

Available-for-sale financial assets

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 statement of comprehensive income. For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, where 'significant' is estimated to be around 20% of the original cost of the investment and 'prolonged' is more than 12 months. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the financial statements

at 31 May 2017

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.

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 at the balance sheet date.

Deferred 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 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 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 tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company 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, 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 2017

1. Accounting policies (continued)

New standards and interpretations

The following standards and interpretations, which have been issued by the IASB, become effective after the current year end and have not been early adopted by the Company:

International Accounting Standards (IAS/IFRS/IFRIC)		Effective date
IFRS 9	Financial Instruments: Classification and measurement	01 January 2018
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019

The effective dates stated here are those given in the original IASB standards. As the Company prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards will be subject to the standards 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 company's discretion to early adopt standards.

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

2. Operating profit

Auditors' remuneration for 2016 and 2017 has been met by another group company.

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2016 – £nil). The directors of this company are also directors of a fellow group undertaking, Nero Holdings Limited, who paid the directors emoluments and pension contributions of £767,514 (2016 – £722,792) in respect of services to the enlarged UK group of which the company is a member. It is not possible to identify the proportion of these emoluments that relate to services to this company.

The company had no employees during the current and prior years.

Notes to the financial statements

at 31 May 2017

3. Income tax

There is no tax charge for the year ending 31 May 2017 (2016 – nil). Profit before tax for the year multiplied by the standard rate of corporation tax in the UK reconciles to the tax charge as follows:

	2017	*2016*
	£000	*£000*
Profit on ordinary activities before tax	4,816	2,066
Profit on ordinary activities multiplied by standard average rate of corporation tax in the UK of 19.83% (2016 – 20.00%)	955	413
Expenses not deductible	2,197	2,531
Effects of group relief/other reliefs	(3,152)	(2,944)
Total current tax	–	–

4. Investments

	Capital contribution	*Shares in subsidiary undertakings*	*Total*
	£000	*£000*	*£000*
As at 1 June 2016 and 31 May 2017	110,600	2,024	112,624

In the opinion of the directors, the fair value of the investments are not less than the carrying amount.
The company owns the entire share capital of Rome PIK Holdco Limited, which is a parent undertaking of Rome Bidco Limited, which owns the entire issued equity share capital of Italian Coffee Group Ltd, which operates Italian style coffee houses.

Notes to the financial statements

at 31 May 2017

4. Investments (continued)

Details of company undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Proportion of voting rights and shares held*	*Nature of Business*
Caffe Nero Group Holdings Ltd (formerly Rome Pikco Limited)	100%	Holding
Rome Bidco Limited (1)	100%	Financing
Italian Coffee Holdings Ltd (1) (formerly known as Caffe Nero Group Limited)	100%	Holding
Harris and Hoole Limited (1)	100%	Coffee retail
Nero Holdings Limited (1)	100%	Coffee retail
Aroma Limited (1)	100%	Coffee retail
Caffe Nero Ventures Limited (1)	100%	Holding
Caffe Nero Investments Limited (1)	100%	Holding
Nero Coffee Roasting Limited (1)	100%	Coffee Roasting
Caffe Nero Ireland Limited (2) (Incorporated in the Republic of Ireland)	100%	Coffee retail
Caffe Nero Americas Limited (1)	100%	Holding
Caffe Nero Americas Incorporated (3) (Incorporated in the United States)	100%	Coffee retail
Caffe Nero Gida Urunleri AS (4) (Incorporated in Turkey)	100%	Coffee retail
Joint ventures		
Green Coffee Sp z.o.o. (Incorporated in Poland)	90.0%	Coffee retail
Muffia Sp. z.o.o Sp.k (Incorporated in Poland)	30%	Food production

All shareholdings are of ordinary equity shares.

(1) Registered address for subsidiaries is: 3 Neal Street, London, WC2H 9PU
(2) Registered address for subsidiary is: 2nd Floor Beaux Lane House, Mercer Street Lower, Dublin 2
(3) Registered address for subsidiary is: 320 Congress St Fl 4,Boston, MA, 02210 United States
(4) Registered address for subsidiary is: Büyükdere Cad. No:103 Noramin İş Merkezi Maslak Şişli, İstanbul, Turkey

Notes to the financial statements

at 31 May 2017

5. Deep discount bonds

	2017 £000	2016 £000
Interest bearing loans and borrowings:		
Deep discounted bonds issued to parent undertaking	–	85,739
Rolled up interest on deep discounted bonds	–	77,264
Total	–	163,003

On 26 January 2007, the company issued two deep discounted bonds to an intermediate parent undertaking, The Nero Group (formerly Rome Holdco Sarl), for nominal values of £17,003,330,766 and £5,173,011,953 respectively. The discounted issue prices of these bonds were £65,738,610 and £20,000,000 respectively.

On 25 January 2008, The Nero Group created a subsidiary undertaking, Rome Intermediate Holdings Sarl, and transferred its deep discounted bonds and shares in the company to Rome Intermediate Holdings Sarl in exchange for intercompany loans. As a result, the company's parent and deep discounted bonds creditor is now Rome Intermediate Holdings Sarl. The loan from the company's parent undertaking is repayable in January 2037, unless an earlier repayment date is agreed between the two parties.

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.

In 2012, the interest rate on the company's loan from its parent undertaking, Rome Intermediate Holdings Sarl, was reduced retrospectively mirroring an arrangement agreed with the company's ultimate parent undertaking and its shareholders. In 2014, the company repaid £15.0m of its loan from its parent. As a result of the interest rate change in the prior year and the loan repayment, the new nominal values of the deep discounted bonds are £719,204,000 and £143,510,000.

In 2017, Rome Intermediate Holdings Sarl entered into a deed of release with the company to release the company from its obligations and liabilities under the deep discounted bonds.

6. Financial instruments

The company's principal financial instruments comprise investments and group balances. 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 the company's use of financial instruments are credit risk, interest rate and liquidity risk. The board reviews and agrees policies for managing exposure to these risks and these policies are summarised below.

Credit risk

Exposure to credit risk is substantially restricted to the inability of group companies to repay their debts. This exposure is deemed minimal. The maximum credit risk exposure relating to financial assets is represented by carrying value at the balance sheet date.

Interest rate risk

The company does not hold cash and its loans are at fixed rates of interest.

Liquidity risk

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

Notes to the financial statements

at 31 May 2017

6. Financial instruments (continued)

As at 31 May 2017	*On demand*	*Within 1 year*	*1-5years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Deep discounted bonds issued by parent undertaking	–	–	–	–	–
Rolled up interest on deep Discounted bonds	–	–	–	–	–
	–	–	–	–	–

As at 31 May 2016	*On demand*	*Within 1 year*	*1-5years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Deep discounted bonds issued by parent undertaking	–	–	–	85,739	85,739
Rolled up interest on deep Discounted bonds	–	–	–	776,975	776,975
	–	–	–	862,714	862,714

Notes to the financial statements

at 31 May 2017

6. 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 year-end denominated in Sterling were as follows:

Year ended 31 May 2017	*Within 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Fixed rate							
Deep discounted bonds	–	–	–	–	–	–	–
Rolled up interest on deep discounted bonds	–	–	–	–	–	–	–
Loan to subsidiary undertaking	–	–	–	–	–	98,450	98,450
Rolled up interest on loan to subsidiary undertaking	–	–	–	–	–	107,313	107,313

Year ended 31 May 2016	*Within 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*More than 5 years*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Fixed rate							
Deep discounted bonds	–	–	–	–	–	(85,739)	(85,739)
Rolled up interest on deep discounted bonds	–	–	–	–	–	(77,264)	(77,264)
Loan to subsidiary undertaking	–	–	–	–	–	98,450	98,450
Rolled up interest on loan to subsidiary undertaking	–	–	–	–	–	91,417	91,417

Notes to the financial statements

at 31 May 2017

6. Financial instruments (continued)

Fair values of financial assets and liabilities

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

	2017	*2016*
	£000	*£000*
Deep discounted bonds, including rolled up interest	–	(163,003)
Loan to and investment in subsidiary undertaking, including rolled up interest	318,387	302,491

7. Authorised and issued share capital

		2017		*2016*
Authorised	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

		2017		*2016*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	52	52	52	52

8. Related party transactions

Related party transactions during the year are set out in notes 1, 4 and 5.

9. Ultimate parent undertaking

At the year end, the ownership structure is as follows:

Immediate parent company	Rome Intermediate Holdings Sarl
Parent company of the largest group for which accounts are prepared	The Nero Company (1)
Majority shareholder of The Nero Company	G W Ford (2)

(1) The Nero Company is a company incorporated in Luxembourg. Copies of these group accounts can be obtained from Avenue 46a JF Kennedy, Luxembourg, L-1855.

(2) G W Ford is the ultimate controlling party of the company.