

# **The Balmoral Hotel Edinburgh Limited**

Report and Financial Statements

Year ended

30 April 2023

Company Number 08472373



# **The Balmoral Hotel Edinburgh Limited**

**Report and financial statements  
for the year ended 30 April 2023**

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## **Directors**

The Hon Sir Rocco J V Forte  
Charles Forte  
Antonio De Medici

## **Registered office**

70 Jermyn Street, London, SW1Y 6NY

## **Auditor**

BDO LLP, 55 Baker Street, London, W1U 7EU

## **Bankers**

Bank of Scotland, The Mound, Edinburgh, EH1 1YZ

## **Solicitors**

Forsters LLP, 31 Hill Street, London, W1J 5LS

# **The Balmoral Hotel Edinburgh Limited**

## **Strategic report for the year ended 30 April 2023**

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The Directors present their strategic report and the audited financial statements for the year ended 30 April 2023.

### **Review of operations**

The principal activity of the Company is the operation and ownership of The Balmoral Hotel in Edinburgh. The hotel is part of the Rocco Forte Group of luxury hotels.

Positive trading supporting by a strong rebound in travel and tourism following the pandemic continued throughout the financial year. The Company achieved full year revenues of £34.1m (2022 - £20.4m) which was £13.7m, or 67% ahead of the prior year and 29% ahead of pre-pandemic revenues of £26.4m achieved in FY20. The Company has traded strongly during the first quarter of FY2024 at both revenue and EBITDA levels. The outlook for the remainder of the financial year continues to be encouraging.

The profit before interest, taxation, depreciation and amortisation (EBITDA) for the year was £10.2m (2022 - £5.4m).

### **Performance indicators**

In addition to regular review of the financial performance of the company, the Directors closely monitor a number of financial and non-financial performance indicators in the hotel. Hotel RevPAR results are compared to peer group competitive sets. Quality and service standards are measured based on third party audits and the wider Group undertakes independent employee engagement surveys to measure employee satisfaction and motivation.

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

### **Future developments**

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

### **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.

### **Principal risks and uncertainties**

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

- possible economic downturn and the associated impact on domestic and international travel;
- global issues such as conflicts and disputes that could affect international travel;
- any terrorist activities that could deter international travel;
- any material global travel restrictions imposed on the hospitality industry;
- cyber-attacks that could disrupt business continuity or compromise the integrity and security of customer and employee data;
- the ability to retain and recruit sufficient numbers of skilled team members in an increasingly competitive employment market that could affect operational continuity and profitability;
- the availability of energy and food supplies and the related costs;
- increased competition and supply in the luxury hotel market in Edinburgh and Scotland; and
- exchange and interest rate movements (see financial risk management).

# The Balmoral Hotel Edinburgh Limited

## Strategic report (continued) for the year ended 30 April 2023

### Principal risks and uncertainties (continued)

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

### Environmental sustainability

The Company is committed to minimising the impact of the hotel on the environment and to adopting sustainable policies across all activities. Throughout the financial year, management has continued to enhance the wider Group's sustainability policies, which have been developed across four sustainability pillars of: community; people; planet; and business. The hotel aims to operate with the highest ethical standards, develop managers and leaders to be strong supporters of caring for team members, strive to work with local suppliers to minimise CO2 footprint and support local charities and community organisations. Key activities undertaken at the hotels in the financial year include: promoting ESG Champions and the Sustainability Council; highlighting awareness amongst employees and guests; reducing the consumption of single-use plastic; implementing energy-saving solutions; and introducing waste-free options.

Energy usage for the year, associated greenhouse gas emissions and related intensity ratios at the hotel were as follows:

#### Emissions

	2023	2022
UK Energy use (kWh) ('000)	8,572	8,112
Associated greenhouse gas emissions (Tonnes CO2 Equivalent)	3,347	1,579

#### Intensity Ratios

	Units	2023	2022
Turnover Operation Consumption	kWh/Thousand	251	398
Turnover Operation Emissions	tCO <sub>2</sub> e/Thousand	0.098	0.077

These intensity ratios have been selected to display the relationship between operating levels, consumption and emissions.

### Employee engagement, recruitment and development

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees, and on the various factors affecting the performance of the Company. During the current financial year, the Company continued to invest in training programmes and human resources in order to provide more effective training and development across the wider Group and to give every individual working for the Company the opportunity to grow and thrive. The Company seeks to develop people and provide them with promotion opportunities wherever possible.

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

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

# **The Balmoral Hotel Edinburgh Limited**

**Strategic report (continued)  
for the year ended 30 April 2023**

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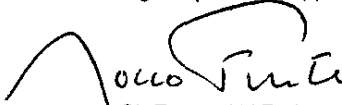
## **Duty to promote the success of the Company**

The Directors work to promote the 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 operates a standing rolling agenda of items aligned to the wider Group's operating and reporting cycles with approval, endorsement, review and monitoring functions. In discharging these functions, the Board delegates certain responsibilities to the Executive, Finance and Remuneration Committees, which report back to the Board on key areas of focus. The Company places a high priority on positive and effective stakeholder engagement. The Company's 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 and all decisions made by the Directors consider the impact on each stakeholder group. Throughout the financial year the Company proactively communicated through various forums and tools the organisation's objectives and strategy to each stakeholder group.

Following the return of more normalised trading patterns, the principal decisions made by the Board relate to the expansion and development strategy of the business.

*This strategic report was approved on behalf of the Board on 16 August 2023 by:*



The Hon Sir Rocco J V Forte  
Director

# **The Balmoral Hotel Edinburgh Limited**

## **Directors' report for the year ended 30 April 2023**

The Directors present their annual report and the audited financial statements for the year ended 30 April 2023.

### **Directors**

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

The Hon Sir Rocco J V Forte  
Charles Forte  
Antonio De Medici

### **Results and dividends**

The profit for the year after taxation was £6.2m (2022 - £2.5m). An interim dividend of £6.6m was paid to Rocco Forte Hotels Limited, the Company's immediate and ultimate parent company in the current year (2022 – £Nil).

### **Going concern**

Further information on the impact to the going concern assessment is disclosed in note 1 of the financial statements.

### **Financial risk management**

The Company does not actively use financial instruments as part of its financial risk management strategy. It is exposed to credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

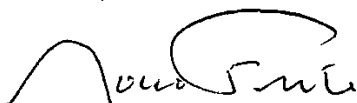
The Company is partly financed by way of a long term loan from a group company.

### **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 its 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

Date: 16 August 2023

# **The Balmoral Hotel Edinburgh Limited**

## **Directors' responsibilities statement for the year ended 30 April 2023**

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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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# The Balmoral Hotel Edinburgh Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BALMORAL HOTEL EDINBURGH LIMITED

#### 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 30 April 2023 and of its profit 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.

We have audited the financial statements of The Balmoral Hotel Edinburgh Limited ("the Company") for the year ended 30 April 2023 which comprise Profit and loss statement, Balance sheet, Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

*Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.*

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **The Balmoral Hotel Edinburgh Limited**

## **Independent auditor's report (continued)**

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### **Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

### **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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group and Company; focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These include, but are not limited to, compliance with the Companies Act, IFRS UK, tax legislation and local government grant legislation.
- Making enquiries of management and the Board of the Company policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

# The Balmoral Hotel Edinburgh Limited

## Independent auditor's report (continued)

- Making enquires of other personnel with roles relevant to compliance with laws and regulations.
- Communicating the relevant identified laws and regulations and potential fraud risks to all engagement team members and component audit teams, and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
  - Management override: We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
    - challenging assumptions made by management in their significant accounting estimates for indications of bias or management override;
    - identifying and testing manual journal entries, in particular any journal entries containing characteristics of audit interest such as manual journals to revenue, accounts receivable and cash; and for journals which are inconsistent with the usual transactions of the Group and Company; and
    - management override in relation to revenue recognition. We evaluated the control environment pertaining to sales; specifically looking at cash collection, correlation between the hotel booking system and accounting system, and the posting of daily sales journals.

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

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

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

### Use of our report

*This report is made solely to the 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.*

DocuSigned by:

**Mark RA Edwards**

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

17 August 2023

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

# The Balmoral Hotel Edinburgh Limited

## Profit and loss statement for the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
<b>Turnover</b>	2	34,109	20,389
Cost of sales		(13,975)	(10,010)
<b>Gross profit</b>		20,134	10,379
Administrative expenses		(11,077)	(6,493)
Other income	3	-	193
<b>Operating profit</b>		9,057	4,079
Interest payable	4	(1,288)	(1,321)
<b>Profit on ordinary activities before taxation</b>	5	7,769	2,758
Tax charge on result of ordinary activities	8	(1,545)	(253)
<b>Profit and total comprehensive profit for the year</b>		6,224	2,505

All activities are in respect of continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

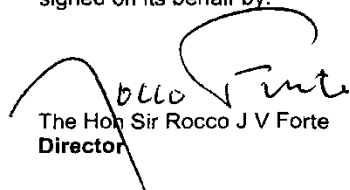
# The Balmoral Hotel Edinburgh Limited

Company number 08472373

Balance sheet at 30 April 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Tangible fixed assets	9		39,952		39,357
Intangible assets	10		68		76
			<u>40,020</u>		<u>39,433</u>
<b>Current assets</b>					
Stock	11	441		410	
Debtors due within one year	12	1,517		1,179	
Cash at bank and in hand		1,583		935	
		<u>3,541</u>		<u>2,524</u>	
<b>Creditors: amounts falling due within one year</b>	13	(6,842)		(4,868)	
<b>Net current liabilities</b>			<u>(3,301)</u>		<u>(2,344)</u>
<b>Total assets less current liabilities</b>			36,719		37,089
<b>Creditors: amounts falling due after more than one year</b>	14		(29,552)		(29,552)
<b>Deferred taxation</b>	8		(602)		(560)
<b>Net assets</b>			<u>6,565</u>		<u>6,977</u>
<b>Capital and reserves</b>					
Called up share capital	15		-		-
Profit and loss account			6,565		6,977
<b>Shareholder's funds</b>			<u>6,565</u>		<u>6,977</u>

The financial statements were approved by the Board and authorised for issue on 16 August 2023. They were signed on its behalf by:

  
The Hon Sir Rocco J V Forte  
Director

The notes on pages 12 to 22 form part of these financial statements.

# The Balmoral Hotel Edinburgh Limited

## Statement of Changes in Equity for the year ended 30 April 2023

	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 May 2022</b>	-	6,977	6,977
Profit for the year	-	6,224	6,224
Dividends paid	-	(6,636)	(6,636)
<b>Balance at 30 April 2023</b>	-	6,565	6,565

## Statement of Changes in Equity for the year ended 30 April 2022

	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 May 2021</b>	-	4,472	4,472
Profit for the year	-	2,505	2,505
<b>Balance at 30 April 2022</b>	-	6,977	6,977

The notes on pages 12 to 22 form part of these financial statements.

# The Balmoral Hotel Edinburgh Limited

## Notes forming part of the financial statements for the year ended 30 April 2023

### 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 IFRS UK and are publically 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 IFRS UK;
- 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.

The Company has also taken disclosure exemption for Financial Instruments as the information is included within Rocco Forte Hotels Limited consolidated financial statements.

#### *Going concern assessment*

The Company reports net current liabilities for the year and therefore may require support from its parent company, Rocco Forte Hotels Limited. Group companies have agreed to provide additional loan facilities to the Company to support such obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements if required.

As described in Note 17 the Company is party to a Group loan facility over which Group lenders have a cross guarantee. Before confirming the appropriateness of the going concern basis of preparation, the directors considered the potential risks and uncertainties which may affect the Group. The wider Group's position has been considered as part of the Going Concern assessment. The Directors believe that the Group and Company have the resources required to settle all liabilities as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

# The Balmoral Hotel Edinburgh Limited

## Notes forming part of the financial statements for the year ended 30 April 2023 (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

It is the Company's policy to maintain its properties in good condition and to a high standard. The Company depreciates freehold buildings over their useful economic life which is deemed to be 50-100 years, taking into account estimated residual values. No depreciation is provided in respect of freehold land.

Furniture, fittings and equipment are depreciated on a straight line basis, over 3 to 20 years depending on their estimated useful lives, from the date they are ready for use. Plant and equipment is depreciated on a straight line basis, over 15 to 25 years depending on their estimated useful lives from the date they are ready for use. It is the Company's policy not to provide depreciation on assets under construction.

#### *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.

#### *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.

# **The Balmoral Hotel Edinburgh Limited**

## **Notes forming part of the financial statements for the year ended 30 April 2023 (continued)**

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### **1 Accounting policies (continued)**

#### *Turnover*

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business. It is recorded net of trade discounts, VAT and other sales related taxes. Turnover is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. All turnover arises in the United Kingdom.

Deposits which have been received at the balance sheet date for which services have not yet been provided are included in accruals and deferred income within creditors.

#### *Stock*

Stock is stated at the lower of cost and net realisable value. Allowances are made for obsolete or slow-moving items where appropriate.

#### *Intangible assets*

Intangible assets acquired separately are measured at cost less amortisation and impairment. Computer software is depreciated on a straight line basis over 3 to 5 years depending on its estimated useful lives.

#### *Employee benefits*

The Company has a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss statement.

The Company recognises an accrual for employee entitlements which are payable and unpaid at the reporting date.

#### *Interest income and expenses*

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

#### *Grant income*

The Company recognises unconditional government grants as other income when the grant becomes receivable. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

#### *Dividend distribution*

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

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment.



# The Balmoral Hotel Edinburgh Limited

## Notes forming part of the financial statements for the year ended 30 April 2023 (continued)

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### 1 Accounting policies (continued)

#### *Financial assets*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. Trade receivables that do not contain a significant financing component or for which the Company has applied are measured at the transaction price determined under IFRS 15. Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### *Interest income and expenses*

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

#### *Dividend distribution*

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

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at fair value, net of transaction costs, and are measured subsequently at amortised costs using effective interest method, less any impairment.

#### *Cash at bank and in hand*

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

#### *Creditors*

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### *Leases*

IFRS 16 *Leases* requires that the Company's leased assets are recorded as right-of-use assets together with their corresponding liabilities. For leases with a lease term of more than 12 months, the Company recognises a right-of-use asset and a lease liability as at the lease commencement date. The Company applies certain practical expedients permitted by IFRS 16 *Leases*. These include the exclusion of leases relating to low-value assets, and the exclusion of short-term leases, being those with a lease term of 12 months or less.

# The Balmoral Hotel Edinburgh Limited

## Notes forming part of the financial statements for the year ended 30 April 2023 (continued)

### 1 Accounting policies (continued)

#### *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*

Intangible assets, property, plant and equipment and intercompany debtors are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable.

#### *Tangible and intangible fixed assets and depreciation*

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

### 2 Segmental information

The turnover and trading results are attributable to the operation of the Balmoral Hotel, Edinburgh.

### 3 Other income

	2023 £'000	2022 £'000
Government incentive	-	193

Government incentive receipts in the prior year were in respect of the Coronavirus Job Retention Scheme and other local government grants. There are no unfulfilled conditions or contingencies relating to the income recognised in the prior year.

### 4 Interest payable

	2023 £'000	2022 £'000
Interest payable to a Group company	1,288	1,321

# The Balmoral Hotel Edinburgh Limited

## Notes forming part of the financial statements for the year ended 30 April 2023 (continued)

### 5 Profit on ordinary activities before taxation

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation is stated after charging:		
Amortisation	8	9
Depreciation	1,149	1,329
Lease rentals	48	52
Auditor's remuneration for audit services	28	28
	<hr/>	<hr/>

### 6 Staff costs

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Operational	322	204
Sales	10	9
Administration	16	17
	<hr/>	<hr/>
	348	230
	<hr/>	<hr/>

The aggregate remuneration for the year was:

	£'000	£'000
Wages and salaries	7,945	6,147
Social security costs	562	541
Pension costs – defined contribution plan	156	101
	<hr/>	<hr/>
	8,663	6,789
	<hr/>	<hr/>

### 7 Directors' remuneration

Total Director Remuneration in the year was £21,400 (2022 - £4,000). The highest paid Director received £21,400 (2022 - £4,000).

## The Balmoral Hotel Edinburgh Limited

### Notes forming part of the financial statements for the year ended 30 April 2023 (continued)

#### 8 Tax charge on profit on ordinary activities

The current tax charge in 2023 was £1,503,000 (2022 – £164,000). The Company's deferred tax charge was £42,000 in 2023 (2022 - £89,000).

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

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	7,769	2,758
Tax charge at 19.5% (2022 - 19%)	1,515	524
Effects of:		
Expenses not deductible for tax purposes	6	10
Adjustment in relation to prior periods – current tax	15	164
Deferred tax adjustments	42	89
Capital allowances, depreciation & amortisation	(33)	(5)
Loss relief	-	(211)
Group relief	-	(318)
Total tax charge for the year	1,545	253

Deferred tax liabilities relating to accelerated capital allowances of £602k (2022 - £560k) are recognised as at 30 April 2023.

# The Balmoral Hotel Edinburgh Limited

Notes forming part of the financial statements  
for the year ended 30 April 2023 (*continued*)

## 9 Tangible fixed assets

	Land and Buildings £'000	Plant and equipment £'000	Furniture, fittings and equipment £'000	Assets under construction £'000	Total £'000
<i>Cost</i>					
At 1 May 2022	32,283	2,566	15,085	127	50,061
Additions	-	-	1,683	61	1,744
Transfers	-	-	127	(127)	-
Disposals	-	-	(2,351)	-	(2,351)
At 30 April 2023	32,283	2,566	14,544	61	49,454
<i>Depreciation</i>					
At 1 May 2022	114	1,761	8,829	-	10,704
Charge for the year	13	123	1,013	-	1,149
Disposals	-	-	(2,351)	-	(2,351)
At 30 April 2023	127	1,884	7,491	-	9,502
<i>Net book value</i>					
30 April 2023	32,156	682	7,053	61	39,952
30 April 2022	32,169	805	6,256	127	39,357

The net book values of freehold land and buildings includes non-depreciable land of £8,400,000 (2022 - £8,400,000).

## The Balmoral Hotel Edinburgh Limited

Notes forming part of the financial statements  
for the year ended 30 April 2023 (*continued*)

### 10 Intangible assets

	Computer Software £'000	Total £'000
<i>Cost</i>		
At 1 May 2022	94	94
	<hr/>	<hr/>
At 30 April 2023	94	94
	<hr/>	<hr/>
<i>Amortisation</i>		
At 1 May 2022	18	18
Charge for the year	8	8
	<hr/>	<hr/>
At 30 April 2023	26	26
	<hr/>	<hr/>
<i>Net book value</i>		
30 April 2023	68	68
	<hr/>	<hr/>
30 April 2022	76	76
	<hr/>	<hr/>

### 11 Stock

	2023 £'000	2022 £'000
Food and beverage	291	263
Other consumables	150	147
	<hr/>	<hr/>
	441	410
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During the year items of stock which had been utilised amounting to £2,778,000 (2022 - £2,037,000) were recognised as an expense and included in cost of sales.

# The Balmoral Hotel Edinburgh Limited

Notes forming part of the financial statements  
for the year ended 30 April 2023 (continued)

## 12 Debtors: amounts due within one year

	2023 £'000	2022 £'000
Trade debtors	884	504
Amounts due from Group companies	451	125
Prepayments and accrued income	178	175
Other debtors	4	375
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	1,517	1,179
	<hr/>	<hr/>

## 13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	1,167	634
Other taxation and social security	1,028	758
Corporation tax	1,488	104
Accruals and deferred income	3,159	3,205
Amounts due to Group companies	-	167
	<hr/>	<hr/>
	6,842	4,868
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## 14 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Amounts owed to a Group company	29,552	29,552
	<hr/>	<hr/>

Amounts due to a Group company bore an interest rate of 4.36%. The loan is due for repayment on 21 September 2025.

## 15 Called up share capital and reserves

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.

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

The Company paid a dividend of £6.6m in the current year (2022 – Nil) to Rocco Forte Hotels Limited, the immediate and ultimate parent company.

## The Balmoral Hotel Edinburgh Limited

### Notes forming part of the financial statements for the year ended 30 April 2023 (*continued*)

#### 16 Financial commitments

Future minimum lease payments under non-cancellable leases are as follows:

	2023 £'000	2022 £'000
Due within one year	25	3
Between two and five years	101	-
	<hr/>	<hr/>
	126	3
	<hr/>	<hr/>

#### 17 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 loan facility at 30 April 2023 was £135,800,000 (2022 - £151,290,000).

#### 18 Ultimate parent company and controlling party

Rocco Forte Hotels Limited is the immediate parent company and is the only 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 (2022 - 75%).