

**Company Registration No. 03141385 (England and Wales)**

**Malmaison Limited**  
**Directors' report and financial statements**  
**For the year ended 31 December 2008**

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# Malmaison Limited

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# **Malmaison Limited**

## **Directors' report**

### **For the year ended 31 December 2008**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

#### **Principal activities and review of the business**

The Company acts as a holding company for the Malmaison group of companies.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend. A distribution of £2,071,071 took place in the year as a result of an intercompany loan waiver.

#### **Directors**

The following directors have held office since 1 January 2008:

AF Blurton

J Singh

IB Cave

(Resigned 15 December 2008)

G Robson

RB Cook

(Appointed 15 December 2008)

PS Nisbett

(Resigned 11 April 2008)

None of the directors had any interest in the share capital of the Company. The interests of AF Blurton and J Singh in the share capital of the ultimate holding company, MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group Plc), are disclosed in the financial statements of that company.

#### **Auditors**

A resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

# Malmaison Limited

## Directors' report (continued)

For the year ended 31 December 2008

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### Directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### Statement of disclosure to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



G Robson  
Secretary

179 Great Portland Street  
London  
W1W 5LS

14 July 2009

## **Independent auditors' report**

### **To the members of Malmaison Limited**

We have audited the financial statements of Malmaison Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KPMG Audit Plc

**Independent auditors' report (continued)**

**To the members of Malmaison Limited**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**

Chartered Accountants

**Registered Auditor**

*14 July* 2009

8 Salisbury Square  
London  
EC4Y 8BB

# Malmaison Limited

## Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Administrative expenses		6,292	-
<b>Operating profit</b>	<b>2</b>	<b>6,292</b>	<b>-</b>
Investment income	<b>3</b>	25,529,991	18,267,746
Interest payable and similar charges	<b>4</b>	(7,496,186)	(10,328,027)
<b>Profit on ordinary activities before taxation</b>		<b>18,040,097</b>	<b>7,939,719</b>
Tax on profit on ordinary activities	<b>5</b>	-	-
<b>Profit for the year</b>	<b>10</b>	<b>18,040,097</b>	<b>7,939,719</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# Malmaison Limited


## Balance sheet

As at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	6	17,278,521	17,278,532
<b>Current assets</b>			
Debtors	7	397,817,071	374,567,090
Cash at bank and in hand		2	-
		397,817,073	374,567,090
<b>Creditors: amounts falling due within one year</b>	8	(414,779,568)	(407,498,622)
<b>Net current liabilities</b>		(16,962,495)	(32,931,532)
<b>Total assets less current liabilities</b>		316,026	(15,653,000)
<b>Capital and reserves</b>			
Called up share capital	9	269,621	269,621
Profit and loss account	10	46,405	(15,922,621)
<b>Shareholders' funds/(deficit)</b>	11	316,026	(15,653,000)

These financial statements were approved by the board of directors on 14 July 2009 and were signed on its behalf by:

  
A F Blurton  
Director

  
J Singh  
Director



# **Malmaison Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2008**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The Company has received an assurance from its holding company, MWB Malmaison Holdings Limited, that it will provide such funds as necessary for the Company to meet its liabilities as they fall due. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue. However, after making enquiries and considering all the relevant issues, the Directors have a reasonable expectation that the parent company, and therefore the Company, have adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis.

Under FRS 1 (Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Investments**

The interest of the Company in the shares of subsidiary undertakings is stated at cost less any provision for impairment.

#### **1.4 Deferred taxation**

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS 19, deferred tax is provided in respect of all timing differences that have originated, but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise required by FRS 19. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

#### **1.5 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Malmaison and Hotel du Vin Property Limited, a company incorporated in England. The Company's results are included in the consolidated accounts of MWB Group Holdings Plc.

# Malmaison Limited

## Notes to the financial statements (continued)

### For the year ended 31 December 2008

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<b>2</b>	<b>Operating profit</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Fees for the audit of the Company	600	1,500
		<u>600</u>	<u>1,500</u>

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount may not be borne by the company.

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated accounts of the ultimate parent undertaking, MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group Plc), are required to disclose non-audit fees on a consolidated basis.

<b>3</b>	<b>Interest receivable and other investment income</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	(Loss)/profit on disposal of unlisted investments	(9)	1,882,746
	Income from shares in group undertakings	25,530,000	16,385,000
		<u>25,529,991</u>	<u>18,267,746</u>

<b>4</b>	<b>Interest payable</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	7,496,186	10,328,027
		<u>7,496,186</u>	<u>10,328,027</u>

# Malmaison Limited

## Notes to the financial statements (continued)

### For the year ended 31 December 2008

5	Taxation	2008 £	2007 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	18,040,097	7,939,719
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007 - 30.00%)	5,141,428	2,381,916
	Effects of:		
	Non taxable income from group undertakings	(7,276,050)	(4,915,500)
	Non taxable (loss)/profit on disposal of investments in group undertakings	3	(564,824)
	Group relief available to other group companies	2,134,619	3,098,408
		(5,141,428)	(2,381,916)
	Current tax charge	-	-

The company has estimated losses of £2,800,000 (2007 - £5,000,000) available for carry forward against future trading profits.

# Malmaison Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

### 6 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2008	17,278,532
Disposals	(11)
At 31 December 2008	17,278,521
<b>Net book value</b>	
At 31 December 2008	17,278,521
At 31 December 2007	17,278,532

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
The Malmaison Company (Edinburgh) Limited	England and Wales	Ordinary	100.00
The Malmaison Hotel (Glasgow) Limited	Scotland	Ordinary	100.00
The Malmaison Hotel (Manchester) Limited	England and Wales	Ordinary	100.00
The Malmaison Hotel (Birmingham) Limited	England and Wales	Ordinary	100.00
The Malmaison Hotel (Newcastle) Limited	England and Wales	Ordinary	100.00
The Malmaison Hotel (Leeds) Limited	England and Wales	Ordinary	100.00
Malmaison (Chart Square) Limited	England and Wales	Ordinary	100.00
Malmaison (Liverpool) Limited	England and Wales	Ordinary	100.00
Malmaison (Reading) Limited	England and Wales	Ordinary	100.00
Malmaison (Oxford) Limited	England and Wales	Ordinary	100.00
Malmaison (Belfast) Limited	England and Wales	Ordinary	100.00
Malmaison Europe LP Limited	England and Wales	Ordinary	100.00
Malmaison Europe Sarl	Luxembourg	Ordinary	100.00
Malmaison Brand Limited	England and Wales	Ordinary	100.00
MWB Malmaison Brand Limited	Scotland	Ordinary	100.00
The Waterside Apartments (Princes Dock) Management	England and Wales	Ordinary	100.00

# Malmaison Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

### 6 Fixed asset investments

(continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2008 £	Profit/(loss) for the year 2008 £
	Principal activity		
The Malmaison Company (Edinburgh) Limited	Hotel and restaurant	4,885,649	842,457
The Malmaison Hotel (Glasgow) Limited	Hotel and restaurant	6,484,150	681,420
The Malmaison Hotel (Manchester) Limited	Hotel and restaurant	20,241,669	2,359,846
The Malmaison Hotel (Birmingham) Limited	Hotel and restaurant	10,079,801	2,227,892
The Malmaison Hotel (Newcastle) Limited	Hotel and restaurant	13,751,914	1,329,253
The Malmaison Hotel (Leeds) Limited	Hotel and restaurant	5,650,070	1,117,478
Malmaison (Chart Square) Limited	Hotel and restaurant	12,429,162	2,366,670
Malmaison (Liverpool) Limited	Hotel and restaurant	9,523	(313,310)
Malmaison (Reading) Limited	Hotel and restaurant	(179,049)	(298,144)
Malmaison (Oxford) Limited	Hotel and restaurant	18,185	518,398
Malmaison (Belfast) Limited	Hotel and restaurant	573,502	599,097
Malmaison Europe LP Limited	Property investment	(18,995,911)	(7,448,565)
Malmaison Europe Sarl	Property investment	50,279,452	(5,254,678)
Malmaison Brand Limited	Property investment	9,517,424	(729,999)
MWB Malmaison Brand Limited	Dormant	100	-
The Waterside Apartments (Princes Dock) Management	Dormant	1	-

### 7 Debtors

2008  
£

2007  
£

Amounts owed by parent and fellow subsidiary undertakings

397,817,071

374,567,090

### 8 Creditors: amounts falling due within one year

2008  
£

2007  
£

Amounts owed to parent and fellow subsidiary undertakings

414,779,568

407,492,330

Accruals and deferred income

-

6,292

414,779,568

407,498,622

# Malmaison Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

9	Share capital	2008 £	2007 £
	<b>Authorised</b>		
	31,000,000 Ordinary shares of 1p each	310,000	310,000
	1,900,000 'B' Deferred convertible shares of 1p each	19,000	19,000
		<u>329,000</u>	<u>329,000</u>
	<b>Allotted, called up and fully paid</b>		
	26,962,100 Ordinary shares of 1p each	<u>269,621</u>	<u>269,621</u>

'B' Deferred convertible shares have the following rights:

No participation in the profits or income of the Company.

On winding up of the Company the holders shall be entitled to a return of capital paid on the shares after a total sum of £1 million has been distributed on winding up in respect of each Ordinary share.

No entitlement to attend or vote in any General Meeting of the Company.

## 10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2008	(15,922,621)
Profit for the year	18,040,097
Distribution to parent through waiver of intercompany loan	<u>(2,071,071)</u>
Balance at 31 December 2008	<u>46,405</u>

11	Reconciliation of movements in shareholders' funds/(deficit)	2008 £	2007 £
	Profit for the financial year	18,040,097	7,939,719
	Distribution to parent through waiver of intercompany loan	(2,071,071)	-
	Opening shareholders' deficit	<u>(15,653,000)</u>	<u>(23,592,719)</u>
	Closing shareholders' funds/(deficit)	<u>316,026</u>	<u>(15,653,000)</u>

# Malmaison Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

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### 12 Contingent liabilities

The Company is registered with HM Revenue and Customs as a member of a Group for VAT purposes. As a result, it is jointly and severally liable on a continuing basis for amounts owing by other members of the Group in respect of unpaid VAT.

### 13 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
Directors	<u>4</u>	<u>4</u>

None of the directors received any emoluments from the Company for their services during the year (2007 - £nil).

### 14 Control

The immediate parent company is Malmaison and Hotel du Vin Property Limited. The ultimate parent company is MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group Holdings Plc). All companies are registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group Holdings Plc). The consolidated financial statements are available to the public and may be obtained from the Company Secretary, City Group plc, 30 City Road, London, EC1Y 2AG.

### 15 Related party transactions

As the Company is a subsidiary of Malmaison and Hotel du Vin Property Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).