

Malmaison Limited

**Annual report and financial
statements**

Registered number 03141385

30 September 2017



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Strategic report

The director presents the strategic report and financial statements for the year ended 30 September 2017. The comparative period was for the fifteen month period ended 30 September 2016.

Review of the business

The Company is engaged as a holding company for a group which operates hotels under the Malmaison and Hotel du Vin brands.

Risk management

The Board and Senior Executive team identify and evaluate risks and uncertainties in the period covered by its Business Plan and design controls to mitigate these. Responsibility for management of each key risk is identified and delegated to specific executives within the business. As a company operating in the hospitality industry, areas of risk specific to the Company include those involving Market Risk, Health & Safety Risk and Financial Risk. A review of the impact on the Group and therefore the Company and the measures in place to mitigate those risks are detailed below:

Market Risk – Loss of market share through competitor activity

Mitigation control are in place to outperform the competition and are developed both at a strategic brand level and a tactical local level, Market information is available to establish position and to enable actions through pricing decisions and sales activities to maintain market position.

Health & Safety Risk – Serious injury because of Company negligence

The Group engages a third party health and safety audit company which is independent of the group to carry out regular health and safety site audits to ensure adherence with all current policies and procedures.

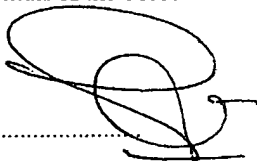
Financial Risk – Impact of economic factors that affect our customers or our costs

Mitigation controls to financial risks because of the broader general economic factors and their impact are managed through our ability to be flexible with our customer base and react swiftly to change in our cost base.

Position at year-end

As a consequence of the Group restructuring that took place in June 2014, the Company holds no significant assets and has no liabilities and will remain in this state for the foreseeable future.

On behalf of the board



G Bakker

Director

Dated: 28/9/18

Director's report

The director presents his annual report and financial statements for the year ended 30 September 2017.

Results and dividends

The results for the period are set out on page 6.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P Roberts – resigned 4 June 2017

G Bakker – appointed 4 June 2017

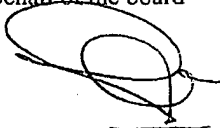
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP was appointed auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



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G Bakker

Director

Dated: 28/9/18

Statement of director's responsibilities

The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the director must not approve the financial statements unless he is 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 director is 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Malmaison Limited

Opinion

We have audited the financial statements of Malmaison Limited ("the company") for the year ended 30 September 2017 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and director's report

The directors are responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



Independent auditor's report to the members of Malmaison Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Mark Flanagan (Senior Statutory Auditor)

for and on behalf of KPMG LLP
Chartered Accountants
Statutory Auditor
31 Park Row
Nottingham
England
NG1 6FQ

Dated: 28 September 2018

Profit and loss account
for the year ended 30 September 2017

	<i>Note</i>	Year ended 30 Sep 2017 £000	Period ended 30 Sep 2016 £000
Investment income	5	56,560	-
Non-operating expenses	7	(37,000)	-
		<hr/>	<hr/>
Profit before taxation		19,560	-
Tax on profit	6	-	-
		<hr/>	<hr/>
Profit for the financial year/period		19,560	-
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All activity derives from continuing operations.

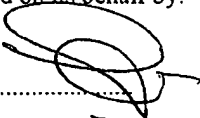
The Company has no recognised gains and losses other than those above and therefore no separate statement of other comprehensive income has been presented.

Balance sheet
as at 30 September 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	7	10	10
Current assets			
Trade and other receivable	9	303,453	484,565
Creditors: amounts falling due within one year	10	(274,273)	(474,945)
Net current liabilities		<u>29,180</u>	<u>9,620</u>
Net assets		<u><u>29,190</u></u>	<u><u>9,630</u></u>
Capital and reserves			
Called up share capital:	11	269	269
Profit and loss account		<u>28,921</u>	<u>9,361</u>
Total equity		<u><u>29,190</u></u>	<u><u>9,630</u></u>

The financial statements were approved by the Board of directors and authorised for issue on 28/9/18

Signed on its behalf by:



G Bakker

Director

Company Registration No. 03141385

Statement of changes in equity

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 July 2015	269	9,361	9,630
Profit and total comprehensive income for the period	-	-	-
Balance at 30 September 2016	269	9,361	9,630

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 October 2016	269	9,361	9,630
Profit and total comprehensive income for the period	-	19,560	19,560
Balance at 30 September 2017	269	28,921	29,190

Notes

(forming part of the financial statements)

1 Accounting policies

Company information

Malmaison Limited is a company limited by shares incorporated in England and Wales. The registered number is 03141385 and the registered office is 3rd Floor, 95 Cromwell Road, London, SW7 4DL.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Frasers Hospitality UK Holdings Limited which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Frasers Hospitality UK Holdings Limited, which indirectly owns 100% of the issued share capital of the Company. The group accounts of Frasers Hospitality UK Holdings Limited are available to the public and can be obtained from 3rd Floor, 95 Cromwell Road, London, SW7 4DL.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and financial position are out in the Strategic report on page 1. The company is a wholly owned subsidiary of the Fraser Hospitality UK Holdings Limited group ('the Group'). At the consolidated Group level, a combination of the financing arrangements provided as part of the Group's acquisition of MHDV UK Holdings and its subsidiaries, and the strong operating cash flows generated by the Group, support the Director's view that the Group has sufficient funds available for it to meet its foreseeable working capital requirements and to support Group companies where necessary. The financing arrangements are not due until 2020 and there are no concerns over compliance with the financial covenants. The Director has concluded that the going concern basis remains appropriate for this entity.

The above matters are considered at regular intervals and form part of the business planning and budgeting processes.

1.3 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Notes (continued)

1 Accounting policies (continued)

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. The rental income is recognised as other operating income.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Given the nature of the company's activities, the Directors believe that currently there are no accounting estimates or judgements.

3 Auditor's remuneration

Audit fees are borne by other group companies.

4 Director's remuneration

None of the directors received any emoluments in respect of their services as directors of the Company during the year ended 30 September 2017 (2016: £nil). The remuneration of the directors is paid by other entities within the Group, which makes no recharge to the Company. The directors act in a group capacity only and do not allocate specific time to the Company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the Company.

5 Investment income

	Year ended 30 Sep 2017 £000	Period ended 30 Sep 2016 £000
Dividends received	56,560	-

Notes (continued)

6 Income tax expense

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	Year ended 30 Sep 17 £000	Period ended 30 Sep 16 £000
Profit before taxation	19,560	-
Expected tax charge based on a corporation tax rate of 19.5% (2016: 20%)	3,814	-
UK dividend income	(11,029)	-
Non-deductible expenses	7,215	-
Tax charge for the period	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

7 Investments

	Non-current 2017 £000	2016 £000
Investments in subsidiaries	10	10

During the year, the company acquired one ordinary share in a fully owned subsidiary, Malmaison Europe LP Limited at a face value of £37,000,000. The investment was subsequently impaired in full during the year as part of a group reorganisation. The company no longer trades and will be dissolved in the near future.

8 Subsidiaries

Details of the company's subsidiaries at 30 September 2017 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Malmaison Europe LP Limited	United Kingdom	100.00%	100.00%	Holding Company
Malmaison (Oxford) Limited	United Kingdom	100.00%	100.00%	Holding Company
The Malmaison Hotel (Birmingham) Limited	United Kingdom	100.00%	100.00%	Holding Company
The Malmaison Hotel (Manchester) Limited	United Kingdom	100.00%	100.00%	Holding Company
Malmaison (Chart Square) Limited	United Kingdom	100.00%	100.00%	Holding Company
The Malmaison Hotel (Newcastle) Limited	United Kingdom	100.00%	100.00%	Holding Company
Malmaison Europe Sarl	Luxembourg	100.00%	100.00%	Holding Company

All UK investments in subsidiaries are registered at 3rd Floor, 95 Cromwell Road, London, SW7 4DL.

The Luxembourg subsidiary has a registered office address of 5 Rue Guillaume Kroll, L-1882, Luxembourg BP2501.

Notes (continued)

9 Trade and other receivables

	2018	2017
	£000	£0000
Amounts due from parent and fellow subsidiary undertakings	303,453	484,565

The amounts owed by parent and fellow subsidiary undertakings are repayable on demand.

10 Creditors: amounts falling due within one year

	2018	2017
	£000	£0000
Amounts due to parent and fellow subsidiary undertakings	274,273	474,945

The amounts due to parent and fellow subsidiary undertakings are repayable on demand.

11 Share capital

	2017	2016
	£000	£000
<i>Issued and fully paid</i>		
269,621 Ordinary Shares of £1 each	269	269