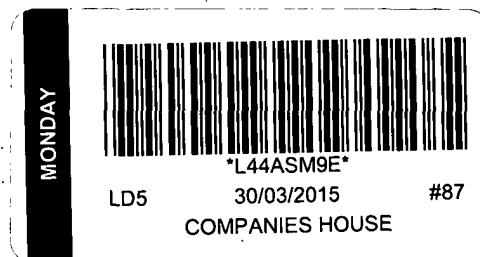


Company Registration No. 03276263 (England and Wales)

The Malmaison Hotel (Newcastle) Limited
Directors' report and financial statements
For the year ended 30 June 2014



The Malmaison Hotel (Newcastle) Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 15

The Malmaison Hotel (Newcastle) Limited

Strategic report

For the year ended 30 June 2014

The directors present their strategic report and financial statements for the year ended 30 June 2014.

Review of the business

The Company engaged in the management of a hotel and restaurant under the Malmaison brand.

The Board are pleased to report that, in the first full year of trading under new ownership, the business has continued to go from strength to strength, delivering a solid performance mirroring the upturn seen generally in the UK economy.

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 Company and the measures in place to mitigate those risks are detailed below.

Market Risk - Loss of market share through competitor activity

Mitigation controls 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 as a result 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 as a result 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

On 30 June 2014, as part of a group-wide restructuring, the Company's trade and assets were sold to Malmaison Trading Limited, a fellow subsidiary fully owned within the Malmaison and Hotel du Vin Group. The purpose of this restructuring was to simplify the administrative structure of the Group. Further information on how the decision to restructure the group has affected these financial statements can be found in note 1.

The Malmaison Hotel (Newcastle) Limited

Strategic report (continued)

For the year ended 30 June 2014

Key performance indicators

Key performance indicators ("KPI's") are set by the Board at both Group and Company level. They are set across both financial and non-financial areas of the business to assist in giving a balanced outcome. At Company level the indicators will include targets for sales and profit growth along with the maintenance and improvement of Brand Standards. Certain targets are commercially sensitive but are set in the budget process against a realistic but stretching view of the markets in the coming year and in the context of continued brand growth and outperformance.

	2014	2013
Sales - % Growth over previous year	8.20%	(1.20)%
*EBITDAR - % Growth over previous year	12.70%	10.40%

The Company's results were considered to be acceptable given the prevailing market conditions and the relative performance of its nearest competitors.

*EBITDAR - Earnings Before Interest Tax Depreciation Amortisation and Rent

On behalf of the board

P Roberts
Director

The Malmaison Hotel (Newcastle) Limited

Directors' report

For the year ended 30 June 2014

The directors present their report and financial statements for the year ended 30 June 2014.

Results and dividends

The results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £13,753,000 (2013 - £nil). The directors do not recommend payment of a final dividend (2013 - £nil).

Directors

The following directors have held office since 1 July 2013:

P Roberts
G Davis

Auditors

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- 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 Malmaison Hotel (Newcastle) Limited

Directors' report (continued)

For the year ended 30 June 2014

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board

One Fleet Place
London
EC4M 7WS

P Roberts

Director

The Malmaison Hotel (Newcastle) Limited
Company Registration No. 03276263

The Malmaison Hotel (Newcastle) Limited

Independent auditors' report

To the members of The Malmaison Hotel (Newcastle) Limited

We have audited the financial statements of The Malmaison Hotel (Newcastle) Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

The Malmaison Hotel (Newcastle) Limited

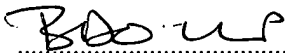
Independent auditors' report (continued)

To the members of The Malmaison Hotel (Newcastle) Limited

Matters on which we are required to report by exception

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

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



Ian Clayden (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

55 Baker Street

London, W1U 7EU

9/10/2015

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

The Malmaison Hotel (Newcastle) Limited

Profit and loss account

For the year ended 30 June 2014

	Notes	2014 £	2013 £
Turnover	2	6,037,935	5,581,379
Cost of sales		(2,635,908)	(2,355,298)
Gross profit		3,402,027	3,226,081
Administrative expenses		(3,476,516)	(3,439,245)
Operating loss	3	(74,489)	(213,164)
Interest receivable and similar income	4	30	489,926
(Loss)/profit on ordinary activities before taxation		(74,459)	276,762
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the year	13	(74,459)	276,762

All amounts in the current and prior year relate to discontinued operations.

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

The notes on pages 9 to 15 form part of these financial statements.

The Malmaison Hotel (Newcastle) Limited

Balance sheet

As at 30 June 2014

	Notes	30 June 2014		30 June 2013	
		£	£	£	£
Fixed assets					
Tangible assets	7	-		832,290	
Current assets					
Stocks	8	-	66,508		
Debtors	9	109,933	36,106,736		
Cash at bank and in hand		-	96,194		
		109,933	36,269,438		
Creditors: amounts falling due within one year	10	-	(23,164,336)		
Net current assets		109,933		13,105,102	
Total assets less current liabilities		109,933		13,937,392	
Capital and reserves					
Called up share capital	12	1	1		
Profit and loss account	13	109,932	13,937,391		
Shareholders' funds	14	109,933	13,937,392		

The notes on pages 9 to 15 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on and were signed on its behalf by:

.....
P Roberts
Director

The Malmaison Hotel (Newcastle) Limited
Company Registration No. 03276263

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements

For the year ended 30 June 2014

1 Accounting policies

1.1 Accounting conventions

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going concern

As described in the Strategic report on page 1, the trade and assets of the Company were transferred to Malmaison Trading Limited during the year. The Company will remain in operation as a "Pass through" vehicle that will incur rent under an existing lease obligation and pass this cost on to a fellow subsidiary. Either directly or with the support of wider Group, the board considers the recipient of the pass through rental charge to have sufficient means to meet these obligations. On this basis the directors continue to prepare the financial statements on a going concern basis. There have been no effects on the measurement and recognition of the Company's assets and liabilities resulting from the restructuring.

FRS1 exemption

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group and the consolidated accounts are publically available.

1.2 Compliance with accounting standards

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. It is recognised at the point services are provided to the guest. Deposits received are held on the balance sheet and shown as a current liability.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any recognised impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings	straight line over 5-10 years
-----------------------	-------------------------------

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.7 Pensions

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

1 Accounting policies

(continued)

1.8 Deferred taxation

Deferred taxation is recognised in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, except that deferred tax assets are recognised only to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2014	2013
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	396,187	330,146
Operating lease rentals	1,059,913	1,059,913
Fees for the audit of the Company	1,000	1,000
and after crediting:		
Profit on disposal of intangible assets	(7)	-

4 Interest receivable

	2014	2013
	£	£
Bank interest	30	14
Intercompany interest	-	489,912
	30	489,926

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

5	Taxation	2014 £	2013 £
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(74,459)	276,762
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.50% (2013 - 23.75%)	(16,753)	65,731
	Effects of:		
	Non deductible expenses	1,994	1,563
	Excess of depreciation over capital allowances	89,142	78,410
	Tax losses utilised against trading profits	(74,383)	-
	Group relief available from fellow subsidiaries for no consideration	-	(145,704)
		16,753	(65,731)
	Current tax charge for the year	-	-

The Company has estimated losses of £nil (2013 - £345,000) available for carry forward against future trading profits.

6	Dividends	2014 £	2013 £
	Ordinary interim paid	13,753,000	-

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

7 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 2013	3,077,533
Additions	501,519
Disposals	(3,579,052)
At 30 June 2014	-
Depreciation	
At 1 July 2013	2,255,243
On disposals	(2,651,430)
Charge for the year	396,187
At 30 June 2014	-
Net book value	
At 30 June 2014	-
At 30 June 2013	832,290

On 30 June 2014, the trade and assets of the Company were sold at carrying value to a fellow subsidiary, Malmaison Trading Limited.

8 Stocks	2014 £	2013 £
Finished goods and goods for resale	-	66,508

During the period there were no inventory write downs recognised as an expense within cost of sales (2013 - £7,398).

9 Debtors	2014 £	2013 £
Trade debtors	-	130,571
Amounts owed by parent and fellow subsidiary undertakings	109,933	35,395,802
Prepayments and accrued income	-	580,363
	109,933	36,106,736

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

10 Creditors: amounts falling due within one year	2014 £	2013 £
Trade creditors	-	876,805
Amounts owed to parent and fellow subsidiary undertakings	-	22,114,057
Taxation and social security	-	23,473
Other creditors	-	7,990
Accruals and deferred income	-	142,011
	<u>-</u>	<u>23,164,336</u>

11 Pension and other post-retirement benefit commitments

Defined contribution

	2014 £	2013 £
Contributions payable by the Company for the year	<u>12,790</u>	<u>16,156</u>

12 Share capital	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

13 Statement of movements on profit and loss account

	Notes	Profit and loss account £
Balance at 1 July 2013		13,937,391
Loss for the year		(74,459)
Dividends paid	6	<u>(13,753,000)</u>
Balance at 30 June 2014		<u>109,932</u>

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

14 Reconciliation of movements in shareholders' funds	Notes	2014 £	2013 £
(Loss)/profit for the financial year		(74,459)	276,762
Dividends	6	(13,753,000)	-
Net (depletion in)/addition to shareholders' funds		(13,827,459)	276,762
Opening shareholders' funds		13,937,392	13,660,630
Closing shareholders' funds		109,933	13,937,392

15 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 VAT payable. The estimated liability to the Group at the period end amounted to £1.9m (2013 - £1.9m).

16 Financial commitments

At 30 June 2014 the Company was committed to making the following annual payments under non-cancellable operating leases in the year to 30 June 2015:

	Land and buildings	
	2014 £	2013 £
Operating leases which expire:		
In over five years	1,059,913	1,059,913

The Malmaison Hotel (Newcastle) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2014

17 Employees

Number of employees

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

	2014	2013
Directors	2	2
Hotel administration	87	81
	<u>89</u>	<u>83</u>

Employment costs

	2014 £	2013 £
Wages and salaries	1,513,248	1,422,528
Social security costs	110,608	99,774
Other pension costs	12,790	16,156
	<u>1,636,646</u>	<u>1,538,458</u>

None of the directors received any emoluments from the Company for their services during the period (2013 - £nil).

18 Control

The immediate parent company is Malmaison Limited, a company registered in England. The ultimate parent company is Monroe Offshore GP Limited, a company registered in the Cayman Islands. The Company's results are consolidated in the sub-groups headed by Malmaison Hotel du Vin Holdings Limited and MHDV Holdings (UK) Limited, both companies being registered in England.

19 Related party transactions

The Company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the Company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.