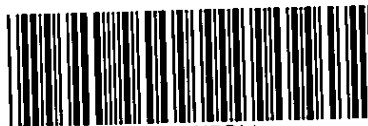


Company Registration No. 03323049 (England and Wales)

**The Malmaison Hotel (Leeds) Limited**  
**Directors' report and financial statements**  
**For the year ended 31 December 2008**

WEDNESDAY



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# **The Malmaison Hotel (Leeds) Limited**

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# The Malmaison Hotel (Leeds) Limited

## Directors' report

### For the year ended 31 December 2008

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 is engaged in the management of a hotel and restaurant under the Malmaison brand and is situated in the city of Leeds.

The Company is a wholly owned subsidiary of MWB Malmaison Holdings Limited. This Group had 26 operating hotels at 31 December 2008 and a further two that are due to open in 2010. This business is well placed to continue its strong cash flow, both from its solid underpinning from freehold properties throughout the UK and also from the value of its earnings stream.

The Board identifies and evaluates risks and uncertainties in the period covered by its Business Plan and designs controls to mitigate these. Responsibility for management of each key risk is identified and delegated to specific Executives within the business. The Company is exposed to the risks of global and regional adverse political, economic and financial market developments (including recession and inflation), that could lower the Company's revenues and operating results in the future. Future results could also be adversely affected by events that reduce domestic or international activities, such as travel-related incidents or industrial action, increased transportation and fuel costs.

At 31 December 2008, the occupancy rate showed a marginal increase while average rate achieved per room declined slightly compared with the levels achieved at the previous year end. The Company's income is assisted from generally stable business and leisure markets. Therefore, a downturn in these sectors could have an adverse effect on the revenues and net operating profits of the Company's hotel.

The Company formed part of the Malmaison and Hotel du Vin division of its ultimate parent company, MWB Group Holdings Plc ("MWB Group") for the period under review. The development, performance and position of the overall business including key performance indicators ("KPI's") are disclosed in the Operating Review on pages 10 to 15 of MWB Group's annual report and financial statements. Year on year movements for KPI's relating to this Company in particular are disclosed in the table below.

|                              | 2008   | 2007 | Definition and method of calculation                                                                                                                                     |
|------------------------------|--------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Occupancy (% change)         | 1.7%   | 1.9% | The year on year movement of the number of rooms sold expressed as a percentage of the number of rooms available in the year.                                            |
| Average room rate (% change) | (0.7%) | 3.0% | The year on year movement of the achieved room rate calculated as total accommodation revenue divided by the number of rooms sold in the year expressed as a percentage. |

#### Results and dividends

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

The directors declared a final dividend of £1,270,000 (£1,270,000 per share) on 30 December 2008 (2007 - £2,000,000 (£2,000,000 per share)).

#### 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.

# **The Malmaison Hotel (Leeds) Limited**

## **Directors' report (continued)**

**For the year ended 31 December 2008**

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### **Directors**

The following directors have held office since 1 January 2008:

AF Blurton

J Singh

IB Cave

(Resigned 15 December 2008)

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.

### **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.

By order of the board



G Robson  
Secretary

179 Great Portland Street  
London  
W1W 5LS



2009

## **Independent auditors' report**

### **To the members of The Malmaison Hotel (Leeds) Limited**

We have audited the financial statements of The Malmaison Hotel (Leeds) 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 The Malmaison Hotel (Leeds) 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

*S. June* 2009

8 Salisbury Square  
London  
EC4Y 8BB

# The Malmaison Hotel (Leeds) Limited

## Profit and loss account

For the year ended 31 December 2008

|                                                      |       | 2008             | 2007             |
|------------------------------------------------------|-------|------------------|------------------|
|                                                      | Notes | £                | £                |
| Turnover                                             | 2     | 4,728,040        | 4,709,495        |
| Cost of sales                                        |       | (1,819,360)      | (1,746,893)      |
| <b>Gross profit</b>                                  |       | <b>2,908,680</b> | <b>2,962,602</b> |
| Administrative expenses                              |       | (2,985,272)      | (2,725,794)      |
| <b>Operating (loss)/profit</b>                       | 3     | <b>(76,592)</b>  | <b>236,808</b>   |
| Other interest receivable and similar income         | 4     | 1,194,070        | 1,275,168        |
| <b>Profit on ordinary activities before taxation</b> |       | <b>1,117,478</b> | <b>1,511,976</b> |
| Tax on profit on ordinary activities                 | 5     | -                | -                |
| <b>Profit for the year</b>                           | 13    | <b>1,117,478</b> | <b>1,511,976</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.

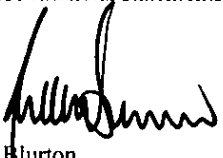
# The Malmaison Hotel (Leeds) Limited

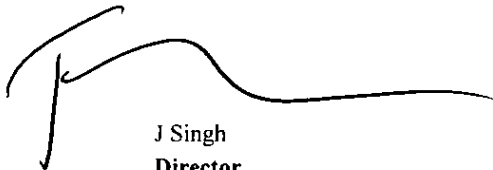
## Balance sheet

As at 31 December 2008

|                                                       | Notes | 2008<br>£           | 2007<br>£           |
|-------------------------------------------------------|-------|---------------------|---------------------|
| <b>Fixed assets</b>                                   |       |                     |                     |
| Tangible assets                                       | 7     | 901,475             | 894,219             |
| <b>Current assets</b>                                 |       |                     |                     |
| Stocks                                                | 8     | 49,535              | 48,798              |
| Debtors                                               | 9     | 30,408,951          | 27,612,428          |
| Cash at bank and in hand                              |       | 34,418              | 48,508              |
|                                                       |       | <u>30,492,904</u>   | <u>27,709,734</u>   |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(25,744,309)</u> | <u>(22,801,361)</u> |
| <b>Net current assets</b>                             |       | <u>4,748,595</u>    | <u>4,908,373</u>    |
| <b>Total assets less current liabilities</b>          |       | <u>5,650,070</u>    | <u>5,802,592</u>    |
| <b>Capital and reserves</b>                           |       |                     |                     |
| Called up share capital                               | 12    | 1                   | 1                   |
| Profit and loss account                               | 13    | 5,650,069           | 5,802,591           |
| <b>Shareholders' funds</b>                            | 14    | <u>5,650,070</u>    | <u>5,802,592</u>    |

These financial statements were approved by the board of directors on *8th June* 2009 and were signed on its behalf by:

  
AF Blurton  
Director

  
J Singh  
Director



# **The Malmaison Hotel (Leeds) 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.

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 Turnover**

Turnover, which is wholly generated within the United Kingdom, represents the sales value of work done in respect of hotel management during the year and is exclusive of value added tax.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. 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**

Stock 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.

#### **1.8 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.

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

### 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)/profit                         | 2008      | 2007      |
|---------------------------------------------------|-----------|-----------|
|                                                   | £         | £         |
| Operating (loss)/profit is stated after charging: |           |           |
| Depreciation of tangible assets                   | 190,592   | 57,298    |
| Operating lease rentals                           | 1,176,399 | 1,167,175 |
| Fees for the audit of the Company                 | 600       | 1,500     |

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.

| 4 Interest receivable and other investment income | 2008             | 2007             |
|---------------------------------------------------|------------------|------------------|
|                                                   | £                | £                |
| Bank interest                                     | -                | 4,474            |
| Interest on loans to fellow group undertakings    | 1,194,070        | 1,270,694        |
|                                                   | <u>1,194,070</u> | <u>1,275,168</u> |

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

| 5 | Taxation                                                                                                                  | 2008      | 2007      |
|---|---------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
|   |                                                                                                                           | £         | £         |
|   | <b>Current tax charge</b>                                                                                                 | -         | -         |
|   | <b>Factors affecting the tax charge for the year</b>                                                                      |           |           |
|   | Profit on ordinary activities before taxation                                                                             | 1,117,478 | 1,511,976 |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.50% (2007 - 30.00%) | 318,481   | 453,593   |
|   | Effects of:                                                                                                               |           |           |
|   | Excess of depreciation over capital allowances                                                                            | 48,953    | 16,221    |
|   | Brought forward trading losses utilised                                                                                   | (37,531)  | (469,814) |
|   | Group relief available from fellow subsidiaries for no consideration                                                      | (329,903) | -         |
|   |                                                                                                                           | (318,481) | (453,593) |
|   | <b>Current tax charge</b>                                                                                                 | -         | -         |
|   | The company has estimated losses of £nil (2007 - £1,700,000) available for carry forward against future trading profits.  |           |           |
| 6 | Dividends                                                                                                                 | 2008      | 2007      |
|   |                                                                                                                           | £         | £         |
|   | Ordinary final paid                                                                                                       | 1,270,000 | 2,000,000 |

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

### 7 Tangible fixed assets

|                       | Fixtures and fittings<br>£ |
|-----------------------|----------------------------|
| <b>Cost</b>           |                            |
| At 1 January 2008     | 1,978,679                  |
| Additions             | 197,848                    |
|                       | <hr/>                      |
| At 31 December 2008   | 2,176,527                  |
|                       | <hr/>                      |
| <b>Depreciation</b>   |                            |
| At 1 January 2008     | 1,084,460                  |
| Charge for the year   | 190,592                    |
|                       | <hr/>                      |
| At 31 December 2008   | 1,275,052                  |
|                       | <hr/>                      |
| <b>Net book value</b> |                            |
| At 31 December 2008   | 901,475                    |
|                       | <hr/>                      |
| At 31 December 2007   | 894,219                    |
|                       | <hr/>                      |

| 8 Stocks                            | 2008<br>£ | 2007<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 49,535    | 48,798    |
|                                     | <hr/>     | <hr/>     |

During the year there were no inventory write downs recognised as an expense within cost of sales (2007 - £nil).

| 9 Debtors                                                 | 2008<br>£  | 2007<br>£  |
|-----------------------------------------------------------|------------|------------|
| Trade debtors                                             | 89,097     | 119,827    |
| Amounts owed by parent and fellow subsidiary undertakings | 30,256,306 | 27,428,172 |
| Prepayments and accrued income                            | 63,548     | 64,429     |
|                                                           | <hr/>      | <hr/>      |
|                                                           | 30,408,951 | 27,612,428 |
|                                                           | <hr/>      | <hr/>      |

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

| 10 Creditors: amounts falling due within one year         | 2008              | 2007              |
|-----------------------------------------------------------|-------------------|-------------------|
|                                                           | £                 | £                 |
| Trade creditors                                           | 108,304           | 97,204            |
| Amounts owed to parent and fellow subsidiary undertakings | 25,359,532        | 22,349,928        |
| Taxes and social security costs                           | 177,298           | 216,849           |
| Other creditors                                           | 15,108            | 15,681            |
| Accruals and deferred income                              | 84,067            | 121,699           |
|                                                           | <u>25,744,309</u> | <u>22,801,361</u> |

## 11 Pension and other post-retirement benefit commitments

### Defined contribution

|                                                   | 2008          | 2007          |
|---------------------------------------------------|---------------|---------------|
|                                                   | £             | £             |
| Contributions payable by the company for the year | <u>27,718</u> | <u>17,250</u> |

| 12 Share capital                          | 2008       | 2007       |
|-------------------------------------------|------------|------------|
|                                           | £          | £          |
| <b>Authorised</b>                         |            |            |
| 100 Ordinary shares of £1 each            | <u>100</u> | <u>100</u> |
| <b>Allotted, called up and fully paid</b> |            |            |
| 1 Ordinary shares of £1 each              | <u>1</u>   | <u>1</u>   |

## 13 Statement of movements on profit and loss account

|                             | Profit and loss<br>account |
|-----------------------------|----------------------------|
|                             | £                          |
| Balance at 1 January 2008   | 5,802,591                  |
| Profit for the year         | 1,117,478                  |
| Dividends paid              | <u>(1,270,000)</u>         |
| Balance at 31 December 2008 | <u>5,650,069</u>           |

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

| <b>14 Reconciliation of movements in shareholders' funds</b> | <b>2008</b> | <b>2007</b> |
|--------------------------------------------------------------|-------------|-------------|
|                                                              | <b>£</b>    | <b>£</b>    |
| Profit for the financial year                                | 1,117,478   | 1,511,976   |
| Dividends                                                    | (1,270,000) | (2,000,000) |
| Net depletion in shareholders' funds                         | (152,522)   | (488,024)   |
| Opening shareholders' funds                                  | 5,802,592   | 6,290,616   |
| Closing shareholders' funds                                  | 5,650,070   | 5,802,592   |

## 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 unpaid VAT.

## 16 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in future years:

|                                | <b>Land and buildings</b> |             |
|--------------------------------|---------------------------|-------------|
|                                | <b>2008</b>               | <b>2007</b> |
|                                | <b>£</b>                  | <b>£</b>    |
| Operating leases which expire: |                           |             |
| In over five years             | 1,176,399                 | 1,176,399   |

# The Malmaison Hotel (Leeds) Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2008

### 17 Employees

#### Number of employees

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

|                      | 2008<br>Number | 2007<br>Number |
|----------------------|----------------|----------------|
| Directors            | 4              | 4              |
| Hotel administration | 73             | 70             |
|                      | <u>77</u>      | <u>74</u>      |

#### Employment costs

|                       | 2008<br>£        | 2007<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,145,245        | 1,231,779        |
| Social security costs | 105,465          | 102,929          |
| Other pension costs   | 27,718           | 17,250           |
|                       | <u>1,278,428</u> | <u>1,351,958</u> |

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

### 18 Control

The immediate parent company is Malmaison Limited. The ultimate parent company is MWB Group Holdings Plc (formerly Marylebone Warwick Balfour Group 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 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.

### 19 Related party transactions

As the Company is a wholly owned subsidiary of Malmaison 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).