Hotel du Vin (Tunbridge Wells) Limited

Directors' report and financial statements

Registered number 3346172

30 June 2005

Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 June 2005.

During the period, the Directors changed the accounting reference date of the Company from 30 September to 30 June. Accordingly the results for the period to 30 June 2005 cover the 9 month period from 1 October 2004 to 30 June 2005.

Principal activities

The Company is engaged in the management of a hotel and restaurant.

Results and Dividends

The results for the period ended 30 June 2005 are set out on page 4. The directors recommend the payment of a dividend of £135,485*(2004: £nil).*

Directors and directors' interests

The directors who have held office since 1 October 2004 were as follows:

RG Balfour-Lynn (appointed 12/01/05)	JW Harrison (appointed 12/01/05)	J Singh (appointed 01/10/04)
AF Blurton (appointed 01/10/04)	MA Bibring (appointed 12/01/05)	JS Shashou (appointed 12/01/05)
RC Hutson (resigned 01/10/04)	PH Chittick (resigned 01/10/04)	CM Morgan (resigned 01/10/04)
RC Niddrie (resigned 01/10/04)	GF Basset (resigned 01/10/04)	

None of the directors who held office at 30 June 2005 had any interest in the share capital of the Company. The interests of the current directors in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, 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.

By order of the board

Gail Robson

G Robson
Company Secretary

179 Great Portland Street
London
W1W 5LS

10 April 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Hotel du Vin (Tunbridge Wells) Limited

We have audited the financial statements on pages 4 to 11.

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 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

20 April 2006

Profit and loss account

for the period ended 30 June 2005

	Note	**Period ended 30 June 2005**	Year ended 30 September 2004
		£	£
Turnover	2	**2,476,655**	3,356,394
Cost of sales		**(571,192)**	(768,656)
Gross profit		**1,905,463**	2,587,738
Administrative expenses		**(1,642,828)**	(2,481,427)
Operating profit		**262,635**	106,311
Interest payable and similar charges	4	**(231,861)**	(1,642)
Interest receivable and similar income		**42**	-
Profit on ordinary activities before taxation	5	**30,816**	104,669
Tax on profit on ordinary activities	6	**32,018**	(32,018)
Profit on ordinary activities after taxation		**62,834**	72,651
Dividends	7	**(135,485)**	-
Retained (loss)/profit for the period	13	**(72,651)**	72,651

All activities are continuing.

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

Balance sheet
at 30 June 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	-	566,477
Current assets			
Stocks		117,025	130,076
Debtors	9	637,105	202,285
Cash at bank and in hand		53,257	14,510
		807,387	346,871
Creditors: amounts falling due within one year	10	(407,387)	(408,679)
Net current assets/(liabilities)		400,000	(61,808)
Total assets less current liabilities		400,000	504,669
Provision for liabilities and charges	11	-	(32,018)
Net assets		400,000	472,651
Capital and reserves			
Called up share capital	12	400,000	400,000
Profit and loss account	13	-	72,651
Equity shareholders' funds	13	400,000	472,651

These financial statements were approved by the board of directors on 10 April 2006 and were signed on its behalf by:

AF Blurton
Director

J Singh
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

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.

As the Company is a wholly owned subsidiary of Hotel du Vin 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).

Depreciation

Depreciation is provided on tangible fixed assets on a straight line basis in order to write off the cost less residual value over their expected useful lives:

Furniture, fittings and equipment	4-20 years

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 FRS19. 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.

Notes *(continued)*

2 Turnover

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

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was:

	Period ended 30 June 2005	Year ended 30 September 2004
Directors	**6**	5
Hotel administration	**64**	58
	70	63

	Period ended 30 June 2005	Year ended 30 September 2004
	£	£
Salaries	**714,890**	946,446
Social security costs	**61,899**	94,764
Pension contributions	**1,277**	1,875
	778,066	1,043,085

4 Interest payable and similar charges

	Period ended 30 June 2005	Year ended 30 September 2004
	£	£
Hire purchase interest	**679**	1,642
Bank loan interest	**231,182**	-
	231,861	1,642

Notes *(continued)*

5 Profit on ordinary activities before taxation

This is stated after charging the following:	**2005** **£**	2004 £
Auditor's remuneration for:		
Audit	**2,250**	2,850
Depreciation and other amounts written off tangible fixed assets:		
Owned	-	91,918

6 Tax on profit on ordinary activities

The tax charge on the profits on ordinary activities has been reduced from the amount that would arise from applying the prevailing corporation tax rate to the company's profits as follows:-

	2005 **£**	2004 £
UK Corporation tax at 30% on company profits before tax	**9,245**	31,401
Non-deductible expenses	**3,371**	5,326
Excess of capital allowances over depreciation	-	27,575
Group relief claimed from other group companies for no consideration	**(12,616)**	(64,302)
Deferred tax (released)/provided	**(32,018)**	32,018
Total corporation tax (credited)/charged in the profit and loss account	**(32,018)**	32,018

7 Dividends

	2005 **£**	2004 £
Dividends paid	**135,485**	-

Notes *(continued)*

8 Tangible fixed assets

	Fixtures and Fittings
	£
Cost or valuation	
As at 1 October 2004	960,481
Transferred to parent company	(960,481)
As at 30 June 2005	-
Depreciation	
As at 1 October 2004	394,004
Transferred to parent company	(394,004)
As at 30 June 2005	-
Net book value at 30 June 2005	-
Net book value at 30 September 2004	566,477

9 Debtors

	2005	2004
	£	£
Trade debtors	**36,062**	55,498
Amounts owed by group undertakings	**506,161**	102,015
Other debtors	**15,531**	7,959
Prepayments and accrued income	**79,351**	36,813
	637,105	202,285

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2005	2004
	£	£
Net obligations under hire purchase contracts	**4,423**	11,058
Trade creditors	**257,004**	203,982
Taxes and social security costs	**129,860**	153,282
Other creditors	**1,000**	11,720
Accruals and deferred income	**15,100**	28,637
	407,387	408,679

11 Deferred taxation

The deferred tax balance at 30 June 2005 arose as follows:-

	Amount provided 2005	**Amount not provided 2005**	Amount provided 2004	Amount not provided 2004
	£	**£**	£	£
Accelerated capital allowances	-	-	32,018	-

12 Called up share capital

	2005	2004
	£	£
Authorised		
Ordinary shares of £1 each	**400,000**	400,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**400,000**	400,000

13 Reconciliation of movements in shareholders' funds

	Share capital	**Profit and Loss account**	**Shareholders' funds**
	£	**£**	**£**
As at 1 October 2004	400,000	72,651	472,651
Loss for the period	-	(72,651)	(72,651)
As at 30 June 2005	**400,000**	-	**400,000**

Notes *(continued)*

14 Contingencies

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.

15 Immediate and ultimate parent companies

The immediate parent company is Hotel du Vin Limited. On 1st October 2004, the entire share capital of Hotel du Vin Limited was purchased by MWB Malmaison Holdings Limited. From this date the ultimate parent company is 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 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.