

Company Registration No. 03346172 (England and Wales)

Hotel du Vin (Tunbridge Wells) Limited
Directors' report and financial statements
For the year ended 30 June 2013



Hotel du Vin (Tunbridge Wells) Limited

Contents

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 12

Hotel du Vin (Tunbridge Wells) Limited

Directors' report

For the year ended 30 June 2013

The directors present their report and financial statements for the year ended 30 June 2013

Principal activities and review of the business

The Company is engaged in the management of a hotel and restaurant under the Hotel du Vin brand situated in the town of Tunbridge Wells

On 18 March 2013, the Malmaison and Hotel du Vin Group of Companies, of which this Company is a member, was acquired by MHDV Holdings (UK) Limited. The Group continues to operate 27 hotels at locations across the United Kingdom. The Board are pleased to report that while trading conditions remained challenging at the macroeconomic level, the business has shown it is capable of bucking the trend and has continued to deliver a solid performance in contrast to many in its peer group.

The Board and Senior Executive team 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.

Year on year movements for key performance indicators ("KPI's") relating to this Company in particular are disclosed in the table below. 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.

	2013	2012	Definition and method of calculation
Occupancy (% change)	11.6%	(2.0%)	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)	(3.1%)	6.3%	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 4.

The directors do not recommend payment of an ordinary dividend (2012 - £nil).

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.

Directors

The following directors have held office since 1 July 2012:

MA Bibring (Resigned 11 December 2012)
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.

Hotel du Vin (Tunbridge Wells) Limited

Directors' report (continued)

For the year ended 30 June 2013

Statement of directors' responsibilities

The directors are responsible for preparing 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.

On behalf of the board

One Fleet Place
London
EC4M 7WS


P Roberts
Director

29/10/13

Hotel du Vin (Tunbridge Wells) Limited
Company Registration No 03346172

Hotel du Vin (Tunbridge Wells) Limited

Independent auditors' report

To the members of Hotel du Vin (Tunbridge Wells) Limited

We have audited the financial statements of Hotel du Vin (Tunbridge Wells) Limited for the year ended 30 June 2013 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 Auditing Practices Board'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 2013 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

BDO LLP

Ian Clayden (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

55 Baker Street

London, W1U 7EU

30/10/2013

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

Hotel du Vin (Tunbridge Wells) Limited

Profit and loss account

For the year ended 30 June 2013

		2013	2012
	Notes	£	£
Turnover	2	3,550,262	3,369,911
Cost of sales		<u>(1,695,749)</u>	<u>(1,692,475)</u>
Gross profit		1,854,513	1,677,436
Administrative expenses		<u>(2,170,242)</u>	<u>(1,971,466)</u>
Loss on ordinary activities before taxation	3	(315,729)	(294,030)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the year	11	<u><u>(315,729)</u></u>	<u><u>(294,030)</u></u>

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 notes on pages 6 to 12 form part of these financial statements

Hotel du Vin (Tunbridge Wells) Limited

Balance sheet

As at 30 June 2013

	Notes	30 June 2013 £	30 June 2012 £
Fixed assets			
Tangible assets	5	569,129	678,828
Current assets			
Stocks	6	69,061	88,587
Debtors	7	6,434,421	5,085,263
Cash at bank and in hand		65,123	61,671
		<u>6,568,605</u>	<u>5,235,521</u>
Creditors: amounts falling due within one year	8	<u>(7,377,988)</u>	<u>(5,838,874)</u>
Net current liabilities		<u>(809,383)</u>	<u>(603,353)</u>
Total assets less current liabilities		<u>(240,254)</u>	<u>75,475</u>
Capital and reserves			
Called up share capital	10	400,000	400,000
Profit and loss account	11	<u>(640,254)</u>	<u>(324,525)</u>
Shareholders' (deficit)/funds	12	<u>(240,254)</u>	<u>75,475</u>

The notes on pages 6 to 12 form part of these financial statements

The financial statements were approved by the board of directors on its behalf by

29/10/13

and were signed on

P Roberts
Director

Hotel du Vin (Tunbridge Wells) Limited
Company Registration No. 03346172

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements

For the year ended 30 June 2013

1 Accounting policies

1.1 Accounting conventions

Basis of preparation

The financial statements are prepared under the historical cost convention

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Directors' report on pages 1 to 2. A combination of the successful refinancing, the strong operating cash flows generated by the Group and the resulting significant headroom on its credit facilities supports the Directors' view that the Group has sufficient funds available for it to meet its foreseeable working capital requirements. The Directors have concluded that the going concern basis remains appropriate.

The Group's financing is subject to financial covenants. These covenants relate to the measurement of EBITDA and cash against consolidated net finance charges (interest and cash flow cover), total net debt (leverage ratio) and a Loan to Value measurement. The covenants are measured quarterly and the Group has complied with all covenants set during the year and at year end and is forecast to continue to do so for a period of not less than 12 months from the date of approval of these financial statements. The above matters are considered at regular intervals and form part of the business planning and budgeting processes.

The Company has provided a cross guarantee as part of the group banking facility, the liability for which amounted to £120m (2012 - £173m) at the year end.

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.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Freehold land and buildings	straight line over 100 years
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.

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

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

	2013	2012
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	159,497	150,027
Operating lease rentals	850,707	839,239
Fees for the audit of the Company	1,000	1,000

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

4	Taxation	2013 £	2012 £
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(315,729)	(294,030)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.75% (2012 - 25.50%)	(74,986)	(74,978)
	Effects of		
	Non deductible expenses	6,733	-
	Excess of depreciation over capital allowances	37,881	34,824
	Group relief surrendered to fellow subsidiaries for no consideration	30,372	-
	Tax losses carried forward for use against future profits	-	57,491
	Other permanent differences not reflected in the accounts	-	(17,337)
		74,986	74,978
	Current tax charge for the year	-	-

The Company has estimated losses of £170,000 (2012 - £170,000) available for carry forward against future trading profits

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

5 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 July 2012	10,000	1,344,007	1,354,007
Additions	-	49,798	49,798
Disposals	-	(23,540)	(23,540)
At 30 June 2013	10,000	1,370,265	1,380,265
Depreciation			
At 1 July 2012	300	674,879	675,179
On disposals	-	(23,540)	(23,540)
Charge for the year	100	159,397	159,497
At 30 June 2013	400	810,736	811,136
Net book value			
At 30 June 2013	9,600	559,529	569,129
At 30 June 2012	9,700	669,128	678,828

6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	69,061	88,587

During the period there were inventory write downs totalling £8,443 recognised as an expense within cost of sales (2012 - £nil)

7 Debtors

	2013 £	2012 £
Trade debtors	79,306	117,877
Amounts owed by parent and fellow subsidiary undertakings	6,029,705	4,617,194
Other debtors	-	9,394
Prepayments and accrued income	325,410	340,798
	6,434,421	5,085,263

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

8	Creditors amounts falling due within one year	2013 £	2012 £
	Trade creditors	388,883	329,434
	Amounts owed to parent and fellow subsidiary undertakings	6,911,759	5,314,888
	Taxation and social security	21,381	127,499
	Other creditors	4,650	4,223
	Accruals and deferred income	51,315	62,830
		<u>7,377,988</u>	<u>5,838,874</u>

9 Pension and other post-retirement benefit commitments

Defined contribution

	2013 £	2012 £
Contributions payable by the Company for the year	<u>9,353</u>	<u>6,152</u>

10	Share capital	2013 £	2012 £
	Allotted, called up and fully paid		
	400,000 Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2012	(324,525)
Loss for the year	<u>(315,729)</u>
Balance at 30 June 2013	<u>(640,254)</u>

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

12 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Loss for the financial year	(315,729)	(294,030)
Capital contribution	-	480,512
Opening shareholders' funds/(deficit)	75,475	(111,007)
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(240,254)	75,475
	<hr/>	<hr/>

13 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. The estimated liability to the Group at the period end amounted to £1.9m (2012- £1.9m).

14 Financial commitments

At 30 June 2013 the Company was committed to making the following annual payments under non-cancellable operating leases in the year to 30 June 2014:

	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
In over five years	850,707	839,239
	<hr/>	<hr/>

Hotel du Vin (Tunbridge Wells) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

15 Employees

Number of employees

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

	2013	2012
Directors	2	4
Hotel administration	55	56
	<u>57</u>	<u>60</u>

Employment costs

	2013	2012
	£	£
Wages and salaries	930,051	914,133
Social security costs	82,059	82,668
Other pension costs	9,353	6,152
	<u>1,021,463</u>	<u>1,002,953</u>

None of the directors received any emoluments from the Company for their services during the period (2012 - £nil)

16 Control

The immediate parent company is Hotel du Vin Limited, a company registered in England. The ultimate parent company is Monroe Offshore GP Limited, a company registered in the Cayman Islands. The only group in which the results of the Company are consolidated is that headed by Malmaison Hotel du Vin Holdings Limited, a company registered in England.

17 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.