Hotel du Vin (Glasgow) Limited

Directors' report and financial statements

Registered number SC231776

31 December 2007

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Principal activities

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

Results and Dividends

The results for the year ended 31 December 2007 are set out on page 5 The directors do not recommend the payment of a dividend *(2006 £nil)*

Directors and directors' interests

The directors who have held office during the year were as follows

RG Balfour Lynn	JW Harrison (resigned 10 April 2008)	J Singh
AF Blurton	MA Bibring	JS Shashou (resigned 10 April 2008)
PS Nisbett (appointed 4 April 2007, resigned 10 April 2008)		

None of the directors had any interest in the share capital of the Company The interests of RG Balfour Lynn, JW Harrison, JS Shashou, AF Blurton, J Singh and MA Bibring 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

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each 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

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

1 Devonshire Gardens
Glasgow
G12 0UX

10 June 2008

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK General Accepted Accounting Practice)

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 year

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Hotel du Vin (Glasgow) Limited

We have audited the financial statements of Hotel du Vin (Glasgow) Limited for the year ended 31 December 2007 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholders' funds 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 judgments 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

Independent auditors' report to the members of Hotel du Vin (Glasgow) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 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

25 June 2008

Profit and loss account

for the year ended 31 December 2007

	Note	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Turnover	2	**3,473,483**	2,397,838
Cost of sales		**(595 244)**	(340,286)
Gross profit		**2,878,239**	2,057,552
Administrative expenses		**(3,384,982)**	(2,111,890)
Operating (loss)		**(506,743)**	(54,338)
Income from shares in group undertakings			662,620
Profit on disposal of fixed assets	7	**3,087,689**	
Amounts written off investments			(662,620)
Interest payable and similar charges	4		(135,520)
Interest receivable and similar income			2,497
Profit/(loss) on ordinary activities before taxation	5	**2,580,946**	(187,361)
Tax on profit/(loss) on ordinary activities	6		
Profit/(loss) for the year	13	**2,580,946**	(187,361)

All activities are continuing

There is no difference between the result disclosed above and that prepared on a historical cost basis

The notes on pages 8 to 13 form part of the financial statements

Balance sheet
at 31 December 2007

	Note	31 December 2007 £	31 December 2006 £
Fixed assets			
Tangible assets	7	1,269,593	13,630,000
Investments	8	-	
		1,269,593	13,630,000
Current assets			
Stocks		119,322	122,629
Debtors	9	18,464,035	435,257
Cash at bank and in hand		22,069	65,942
		18,605,426	623,828
Creditors amounts falling due within one year	10	(10,522,393)	(7,482,148)
Net current assets/(liabilities)		8,083,033	(6,858,320)
Total assets less current liabilities		9,352,626	6,771,680
Provision for liabilities and charges	11	(30,615)	(30,615)
Net assets		9,322,011	6,741,065
Capital and reserves			
Called up share capital	12	243,650	243,650
Revaluation reserve	13		6,723,634
Profit and loss account	13	9,078,361	(226,219)
Equity shareholders' funds		9,322,011	6,741,065

The notes on pages 8 to 13 form part of the financial statements

These financial statements were approved by the board of directors on 10 June 2008 and were signed on its behalf by

AF Blurton
Director

J Singh
Director

Statement of total recognised gains and losses

for the year ended 31 December 2007

	Note	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Profit/(loss) for the financial year	*13*	**2,580,946**	(187,361)
Unrealised surplus on revaluation of property	*13*		6,723,634
Total recognised gains and losses relating to the financial year		**2,580,946**	6,536,273

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2007

		Year ended 31 December 2007 £	Year ended 31 December 2006 £
Profit/(loss) for the financial year	*13*	**2,580,946**	(187,361)
Revaluation of property in the year			6,723,634
Equity shareholders' funds at beginning of the year		**6,741,065**	204,792
Equity shareholders' funds at the end of the year		**9,322,011**	6,741,065

The notes on pages 8 to 13 form part of the financial statements

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

Land	not depreciated
Buildings, surface finishes and servicing	20 167 years
Furniture, fittings and equipment	5 10 years

Investments in subsidiary undertakings

The interest of the Company in the shares of subsidiary undertakings is stated at cost less any provision for impairment

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 year 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 year was

	Year ended 31 December 2007	Year ended 31 December 2006
Directors	**7**	6
Hotel administration	**76**	60
	82	66

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Salaries	**1,329,405**	878,773
Social security costs	**118,160**	77,089
Pension contributions	**14,996**	15,162
	1,462,561	971,024

None of the directors received any emoluments from the Company for their services during the year (year to 31 December 2006 £nil)

4 Interest payable and similar charges

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Interest on shareholders loan		81,165
Bank loan interest		54,355
		135,520

Notes *(continued)*

5 Profit/(loss) on ordinary activities before taxation

This is stated after charging the following	**Year ended 31 December 2007 £**	Year ended 31 December 2006 £
Auditor's remuneration for		
Audit		
Depreciation and other amounts written off tangible fixed assets		
Owned	**82,865**	142,192
Write off of pre opening costs	**320,752**	
Amounts written off fixed asset investments		662,620
Audit fees borne by a parent company were as follows		
Fees for the audit of the Company	**1,500**	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 The 2006 disclosure has been restated using a consistent basis

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 accounts 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

6 Tax on profit/(loss) on ordinary activities

The tax on the profit/(loss) on ordinary activities has been adjusted from the amount that would arise from applying the prevailing corporation tax rate to the Company's results as follows

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
UK corporation tax at 30% on company profit/(loss) before tax	**774,284**	(56,208)
Non deductible expenses		1,069
Excess of accounting profit on disposal over chargeable gain	**(926,307)**	
Excess of capital allowances over depreciation	**(5,086)**	(42,045)
Trading losses carried forward	**157,109**	97,184
Total corporation tax in the profit and loss account		

The Company has tax losses of approximately £525,000 (2006 £375,000) available for use against future trading profits

Notes *(continued)*

7 Tangible fixed assets

	Land and Buildings	Fixtures and Fittings	Total
			£
Cost or valuation			
As at 1 January 2007	13,536,819	94,749	13,631,568
Additions	1,555,492	1,259,277	2,814,769
Revaluations			
Disposals	(15,092,311)		(15,092,311)
As at 31 December 2007		1,354,026	1,354,026
Depreciation			
As at 1 January 2007		1,568	1,568
Charge		82,865	82,865
As at 31 December 2007		84,433	84,433
Net book value at 31 December 2007		**1,269,593**	**1,269,593**
Net book value at 31 December 2006	13,536,819	93,181	13,630,000

The Company's freehold property was sold in April 2007 to a fellow group member for £18,180 000

8 Investments

The subsidiary undertakings of the company have been dissolved as follows

Company name	**Date of dissolution**
Devonshire Hotel Management Limited	3 November 2006
The Devonshire Hotel of Glasgow Limited	11 August 2007

Notes *(continued)*

9 Debtors

	2007 £	2006 £
Trade debtors	**120,129**	88,730
Amounts owed by group undertakings	**18,186,707**	
Other debtors	**68,078**	291,484
Prepayments and accrued income	**89,121**	55,043
	18,464,035	435,257

10 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	**186,865**	153,777
Amounts owed to group undertakings	**10,006,851**	7,115,604
Taxes and social security costs	**147,767**	121,160
Other creditors	**24,057**	11,029
Accruals and deferred income	**156,853**	80,578
	10,522,393	7,482,148

11 Deferred taxation

The deferred tax balance at 31 December 2007 arose as follows

	Amount provided 2007 £	**Amount not provided 2007 £**	Amount provided 2006 £	Amount not provided 2006 £
Accelerated capital allowances	**30,615**	**(231,106)**	30,615	(55,857)
Tax losses		**(146,635)**		(105,822)
	30,615	**(377,740)**	30,615	(161,679)

The amounts not provided above relates to deferred tax assets which have not been recognised because the future trading performance of the hotel is uncertain

Notes *(continued)*

12 Called up share capital

	2007	2006
	£	£
Authorised		
500,000 Ordinary shares of £1 each	**500,000**	500,000
Allotted, called up and fully paid		
243,650 Ordinary shares of £1 each	**243,650**	243,650

13 Reserves

	Revaluation reserve	Profit and loss account
	£	£
As at 1 January 2007	6,723,634	(226,219)
Revaluation reserve realised on disposal of property	(6,723,634)	6,723,634
Profit for the year		2,580,946
As at 31 December 2007		**9,078,361**

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 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 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