

ABRSW Hotels Limited

Directors' report and financial statements
for the year ended 31 December 2011

Company number 2905995

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ABRSW Hotels Limited

Directors' report and financial statements for the year ended 31 December 2011

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ABRSW Hotels Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the financial statements for ABRSW Hotels Limited ('the company') for the year ended 31 December 2011

Principal activities and review of the business

The company did not trade on its own account during the year ended 31 December 2011 or the prior year, and hence no profit and loss account has been prepared. The directors do not expect it to trade in the foreseeable future.

The financial position of the company is set out in the balance sheet on page 3.

Principal risks and uncertainties

The company is a subsidiary within the QMH Limited group and as such the principal risks and uncertainties are the same as those facing the group -

The management of the group's business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to be as follows:

- *Covenant compliance*

Management actively monitors the group's debt facilities for compliance and prepares rolling quarterly profit and interest forecasts and sensitivity analyses, which enable them to identify concerns relating to covenant compliance early and to take remedial action where necessary.

The European senior loan and the group mezzanine loan facilities each contain a financial covenant, which requires the calculation of a debt service cover ratio (DSCR) on a quarterly basis.

Additionally, the mezzanine loan facility contains a financial covenant, which requires the calculation of a Debt-to-Ebitda ratio on a quarterly basis.

The UK senior loan facility contains four financial covenant calculations required on a quarterly basis. These are a cashflow cover ratio, a loan to value ratio, a senior interest cover ratio and a senior leverage ratio.

Going Concern

Given that the company forms part of the QMH Limited group and relies on the performance of the group, the directors of the company have taken into account the going concern assessment made by the directors of QMH Limited. In considering the going concern status of the group the directors of QMH Limited have reviewed the period up to the date that the Mezzanine Facility is due to be repaid on 22 March 2013, and considered a number of different financial scenarios. As noted in Note 1 to the accounts, based on these forecasts, the group faces material uncertainties that may cast doubt on its ability to meet its Covenants, which if breached would mean debt becoming repayable on demand and therefore may affect the company and its ability to continue as a going concern. It will therefore have to take steps to ensure continued compliance with existing financial covenants. These steps include any or all of selective asset disposals, careful cash flow management and negotiations on its terms of finance with its lenders and shareholders. These steps are already underway with certain asset disposal processes reasonably progressed and discussions with lenders being taken forward. In the light of the information currently available to them, the directors of QMH Limited believe that the group will be able to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the company accounts on a going concern basis.

ABRSW Hotels Limited

Directors' report for the year ended 31 December 2011 (continued).

Dividends

The directors do not recommend the payment of a dividend (2010 £nil)

Directors and directors' interests

The directors of the company during the year and up to the date of signing the financial statements were as follows

E J Rieck
M Rosenberg
W2001 Britannia LLC
W2001 Two CV

None of the directors who held office at 31 December 2011 had any interests in the share capital of the company or QMH Limited

Independent Auditors

In accordance with Section 480 of the Companies Act 2006, the company is exempt from the requirement to have its financial statements audited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

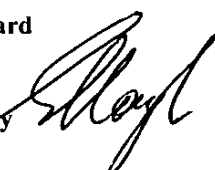
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group 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, 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

S Coughlan
Company Secretary
20 March 2012



ABRSW Hotels Limited

Balance sheet at 31 December 2011

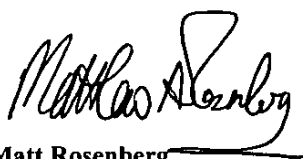
	Notes	31 December 2011 £'000	31 December 2010 £'000
Current assets			
Debtors	3	53	53
Creditors: amounts falling due after more than one year	4	-	-
Net assets		<u>53</u>	<u>53</u>
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	53	53
Total Shareholders' funds		<u>53</u>	<u>53</u>

The notes on pages 4 to 6 form part of these financial statements

For the year ending 31 December 2011 the company was entitled to audit exemption under section 480 of the Companies Act 2006. No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 386, and for preparing financial statements that give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements on pages 3 to 6 were approved by the board of directors on 20 March 2012 and were signed on its behalf by



Matt Rosenberg
Director
ABRSW Hotels Limited

Company number 2905995

ABRSW Hotels Limited

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of freehold and long leasehold properties and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

(b) Going concern

In the last two years, the group has successfully refinanced its principal borrowings. As set out in the Directors Report, the group's debt is subject to a number of covenants. As a result of the ongoing difficult trading conditions, particularly in the United Kingdom and The Netherlands, management believe that there is a risk of a covenant breach during the next twelve months unless specific steps are taken to prevent it. Such steps could include any or all of selective assets disposals, careful cash management and negotiations on its terms of finance with Lenders. Such steps are already underway.

If covenants are breached debt would become repayable on demand and therefore may effect the group and company's ability to continue as a going concern. Nevertheless, after considering the uncertainties disclosed and the actions underway, the directors have concluded that it is appropriate to prepare the accounts on a going concern basis. These financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

(c) Cashflow

The company is a wholly owned subsidiary of QMH Limited and the cashflows of the company are included in the consolidated cashflow statement of that company. Consequently, the company is exempt under the provisions of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" from publishing a cashflow statement.

(d) Related party transactions

The company is a wholly owned subsidiary of QMH Limited. Consequently, the company is exempt, under the provisions of Financial Reporting Standard 8, from disclosing the details of any transactions with group related parties.

2 Directors' emoluments

The fees for Mr Rieck and Mr Rosenberg were paid by QMH Limited, no recharge was made to the company.

W2001 Britannia LLC and W2001 Two CV received no remuneration for their services as directors of the company or any of the company's fellow subsidiaries.

ABRSW Hotels Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Debtors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Amounts owed by group undertakings	<u>53</u>	<u>53</u>

Included within amounts owed by group undertakings are non-interest bearing loans to other subsidiaries of £53,000 (2010 £53,000). These loans are repayable on demand, however, the company has no current intention of calling for repayment.

4 Creditors: amounts falling due after more than one year

	31 December 2011 £'000	31 December 2010 £'000
1 deferred share £1	<u>-</u>	<u>-</u>

The deferred share carries no right to participate in the distribution of profits by way of dividend. On a return of assets on a winding up (but not otherwise) the surplus assets of the company remaining after payment of its liabilities and the capital paid up on the ordinary shares, shall be applied in paying the capital paid up on the deferred share, any balance being distributed among the ordinary shareholders. The deferred share carries no right to attend or vote at any general meeting unless a resolution is to be proposed at such a meeting for the amendment, variation or modification of the company's objects or memorandum of association or any abrogation, variation or modification of any of the rights and privileges attached to the deferred share. In such event, the holder shall be entitled to attend, speak and vote only in respect of these resolutions. For the purpose of Financial Reporting Standard 4 "Capital Instruments", the deferred share of £1 constitutes non-equity shareholders' funds.

5 Called up share capital

	31 December 2011 £'000	31 December 2010 £'000
Authorised.		
99 ordinary shares of £1 each	<u>-</u>	<u>-</u>
Allotted, called up and fully paid:		
1 ordinary share of £1	<u>-</u>	<u>-</u>

6 Reserves

	Profit and loss account £'000
At 31 December 2011 and 31 December 2010	<u>53</u>

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Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Contingent liabilities

On 24 November 2004 the company entered into a guarantee providing fixed and floating charges over its assets, together with certain other subsidiary undertakings, to secure a mezzanine loan held by QMH Limited, which at 31 December 2011 amounted to £157.6 million (2010: £158.8 million)

8 Ultimate parent company

The company is a subsidiary of QMH Limited, which owns the entire share capital of the company and is incorporated in England and Wales. Copies of QMH Limited's consolidated financial statements are available from its registered office at 9-17 Eastern Road, Romford, Essex, RM1 3NG. The directors consider the company's ultimate holding company to be W2001 Britannia LLC who is the majority shareholder and is a limited liability company formed under the laws of the State of Delaware on 29 April 2004.

W2001 Britannia LLC is wholly owned and controlled by four separate Delaware limited partnerships: Whitehall Street Global Real Estate Limited Partnership 2001, Whitehall Street International Real Estate Limited Partnership 2001, Whitehall Street Global Employee Fund 2001, L.P. and Whitehall Street International Employee Fund 2001 (Delaware), L.P. each formed in 2001. The sole general partner of each Whitehall 2001 Partnership is a Delaware limited liability company, and each said partner is wholly owned by Goldman Sachs. The limited partners of each Whitehall Partnership include (as applicable) Goldman Sachs, institutional investors, employees of Goldman Sachs and its affiliates and private clients of Goldman Sachs and its affiliates.