

ABRSW Hotels Limited

Directors' report and financial statements

for the year ended 31 December 2014

Company number: 2905995

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ABRSW Hotels Limited

Directors' report and financial statements for the year ended 31 December 2014

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ABRSW Hotels Limited

Directors' report for the year ended 31 December 2014

The director presents his report and the financial statements for ABRSW Hotels Limited ('the company') for the year ended 31 December 2014.

Principal activities and review of the business

The company did not trade on its own account during the year ended 31 December 2014 or the prior year, and hence no profit and loss account has been prepared. The director does 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 facing the group are considered to be as follows:

Going Concern

The Group was in breach of its Debt:EBITDA covenant in respect of the Mezzanine loan at 31 December 2014 and had been since 30 September 2012. A Standstill Agreement is currently in place, expiring on 28 October 2015. Wording for an amendment agreement which waives all breaches, reducing reporting requirements and extending the facility to 31 December 2016 has been agreed and is expected to be signed in the next few weeks.

The Group is currently exploring certain options to repay debt. The group has exited the majority of onerous leases and has completed the sale process of the UK hotel portfolio. The proceeds of the sale were used to repay the UK Senior debt and repay £58 million of the Mezzanine loan in 2014 and a further £4 million in 2015. At the same time, the Mezzanine lenders released the companies in the UK Group from the charges over the assets in those companies. Furthermore, remedies are available to the directors in the event of a downturn of trading results.

Despite this, there exists a material uncertainty that may cast significant doubt over the Group and Company's ability to continue as a going concern, although the directors consider that there is a reasonable possibility of avoiding an insolvent liquidation and have therefore prepared the financial statements on a going concern basis.

ABRSW Hotels Limited

Directors' report for the year ended 31 December 2014 (continued).

Dividends

The director does not recommend the payment of a dividend (2013: £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	- resigned 30 September 2013
M Rosenberg	- resigned 01 April 2014
M Quinn	- appointed 01 April 2014
W2001 Britannia LLC	- resigned 31 January 2013
W2001 Two CV	- resigned 31 January 2013

None of the directors who held office at 31 December 2014 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

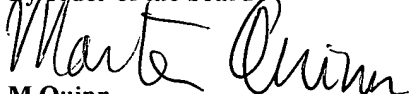
The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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



M Quinn
Director

24 September 2015

ABRSW Hotels Limited

Balance sheet at 31 December 2014

	Notes	31 December 2014 £'000	31 December 2013 £'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 2014 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 director acknowledges his 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.

Approved by the Board on 24 September 2015 and were signed on its behalf by:



Martin Quinn
Director

Company number: 2905995

ABRSW Hotels Limited

Notes to the financial statements for the year ended 31 December 2014

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

The Group was in breach of its Debt:EBITDA covenant in respect of the Mezzanine loan at 31 December 2014 and had been since 30 September 2012. A Standstill Agreement is currently in place, expiring on 28 October 2015. Wording for an amendment agreement which waives all breaches, reducing reporting requirements and extending the facility to 31 December 2016 has been agreed and is expected to be signed in the next few weeks.

The Group is currently exploring certain options to repay debt. The group has exited the majority of onerous leases and has completed the sale process of the UK hotel portfolio. The proceeds of the sale were used to repay the UK Senior debt and repay £58 million of the Mezzanine loan in 2014 and a further £4 million in 2015. At the same time, the Mezzanine lenders released the companies in the UK Group from the charges over the assets in those companies. Furthermore, remedies are available to the directors in the event of a downturn of trading results.

Despite this, there exists a material uncertainty that may cast significant doubt over the Group and Company's ability to continue as a going concern, although the directors consider that there is a reasonable possibility of avoiding an insolvent liquidation and have therefore prepared the financial statements on a going concern basis.

(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 Quinn, 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 2014 (continued)

3 Debtors: amounts falling due within one year

	31 December 2014 £'000	31 December 2013 £'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 (2013: £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 2014 £'000	31 December 2013 £'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 2014 £'000	31 December 2013 £'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 2014 and 31 December 2013	<u>53</u>

ABRSW Hotels Limited

Notes to the financial statements for the year ended 31 December 2014 (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 2014 amounted to £107.1 million (2013: £151.3 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 Suite 68, Waterhouse Business Park, 2 Cromar Way, Chelmsford, Essex CM1 2QE.

Following the transfer of shares by the previous shareholders of QMH Limited on 31 January 2013 the company has no majority or controlling shareholder.

Prior to the change, W2001 Britannia LLC was the majority shareholder. W2001 Britannia LLC 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 early 2001. The sole general partner of each Whitehall 2001 Partnership is a special purpose Delaware limited liability company that is wholly owned by Goldman Sachs. The limited partners of each Whitehall 2001 Partnership include (as applicable) Goldman Sachs, institutional investors, employees of Goldman Sachs and its affiliates and private clients of Goldman Sachs and its affiliates.

The results of QMH Limited are not and were not previously consolidated by any other entity.