

ESB Hotels Limited

Directors' report and financial statements

for the year ended 31 December 2008



Company number: 2999276

ESB Hotels Limited

Directors' report and financial statements for the year ended 31 December 2008

Contents	Page
Directors' report	1
Independent auditors' report	4
Profit and loss account	5
Additional statement	6
Balance sheet	7
Notes to the financial statements	8

ESB Hotels Limited

Directors' report

The directors present their report and the audited financial statements for ESB Hotels Limited ('the company') for the year ended 31 December 2008

Principal activities and review of the business

The principal activity of the company is the ownership and management of hotels. There have been no significant changes to the company's activities.

On 30 November 2007 the defined benefit pension schemes were closed to future accrual of benefits following a decision by QMH Limited to buy out and wind up these schemes. For further details refer to note 12.

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 and are set out below:-

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 UK & European senior loan and the Group mezzanine loan facilities each contain a financial covenant, which requires the calculation of a DSCR ratio on a quarterly basis. The covenant requires a DSCR of at least 110% for each of the UK senior and Group mezzanine facilities and 150% for the European senior facility.

Additionally, the mezzanine loan facility contains a financial covenant, which requires the calculation of a Debt-to-Ebitda ratio on a quarterly basis. The covenant requires that the ratio is a maximum 6.5x during 2008 and 6.0x during 2009.

Management believe that the company will continue to be able to comply with the DSCR covenants for the next 12 months however the deterioration in trading conditions has resulted in a breach of the Debt-to-Ebitda covenant at the end of the first quarter. Management is negotiating a waiver of this covenant as part of the refinancing of the mezzanine facility.

- *Managing the group's debt facilities.*

The Group's mezzanine facility expires on 24 November 2009, its UK senior facility on 22 February 2010 and its European senior facility on 22 March 2010.

The UK senior facility may be extended by one year subject to compliance with a DSCR test in February 2010. It is management's intention to exercise this option.

Work is underway to refinance the Group's mezzanine and European senior facilities.

Going Concern

In the light of the information currently available to them, the Directors believe that the Group will be able to refinance or extend the term of its debt facilities and will continue in operational existence for the foreseeable future. On this basis, the Directors consider it appropriate to prepare the accounts of the Company on a going concern basis.

ESB Hotels Limited

Directors' report (continued).

However, given the unprecedented external economic environment, there is still a material uncertainty as to whether ongoing discussions to refinance or extend the loans and negotiate the waiver of the covenant breach within the Group will reach a satisfactory conclusion. Should the Group be unable to refinance or extend the term of its debt facilities, adjustments would be necessary in the Company accounts to record additional liabilities and to write down assets to their recoverable amount.

Other risks

The company is subject to certain financial risks as a result of being guarantor to loans held by the company's direct and indirect parent companies. Details of how these companies manage specific risks are set out in the financial statements of those companies. Details of how to obtain copies of these financial statements are set out in note 18 to these accounts.

Key performance indicators ("KPI's")

The company's directors are of the opinion that analysis using KPI's assists with their understanding of the development, performance and position of the business. The key KPI's used are Occupancy, Average rate achieved, Yield growth on prior year and expense control.

Results and dividends

The company's retained loss for the year ended 31 December 2008 amounted to £1.0 million (2007: £0.3 million).

The year end balance sheet position is set out in the balance sheet on page 7. The company's net liabilities as at 31 December 2008 increased from £0.1 million to net liabilities of £1.1 million reflecting the retained loss for the year of £1.0 million

Directors and directors' interests

The directors of the company during the year were as follows:

H L Allsop	(Resigned 29 September 2008)
H L Mulahasani (née Allsop)	(Appointed 23 February 2009)
A C Coles	(Resigned 31 October 2008)
R J Moore	(Resigned 25 February 2009)
E J Rieck	
K Ogden	
F Kabalan	(Appointed 29 September 2008, resigned 10 December 2008)
M Rosenberg	(Appointed 11 November 2008)

None of the directors who held office at 31 December 2008 had any interests in the share capital of the company or QMH Limited.

Auditors

The company has adopted an elective resolution dispensing with annual general meetings and the appointment of auditors annually, PricewaterhouseCoopers LLP will continue as auditors to the company.

Directors' report (continued)

Employees

Following the introduction of legislation, Consultation Committees have been introduced throughout the business and regular meetings take place, which allow effective consultation on subjects affecting employees. Ongoing effort is made to keep employees informed through team briefings and the production of regular in-house magazines.

The company recognises its obligations towards people with disabilities and its policy is to encourage and assist the employment of disabled people, having regard to the demands of the company's operations and their abilities to fulfill such demands. If existing employees become disabled, appropriate work is found for them wherever possible and training supplied, if required. Employees with disabilities are encouraged and assisted in developing their career and skills within the company.

Employee development is paramount to the success of the business and the company was successfully re-accredited for Investors in People in 2005.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business (note 1(b)).

The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. 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.

Auditors and disclosure of information to auditors

In accordance with Section 234ZA of the Companies Act as at the date of this report, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



S Coughlan
Company Secretary
3rd July 2009

ESB Hotels Limited

Independent auditors' report to the members of ESB Hotels Limited

We have audited the financial statements of ESB Hotels Limited for the year ended 31 December 2008 which comprise Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss 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.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 1 in the financial statements which indicates that the company, as part of a UK group, has breached a covenant on a Mezzanine loan facility and is currently negotiating a waiver of this covenant and to refinance or extend the terms of its debt facilities.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
3rd July 2009

ESB Hotels Limited

Profit and loss account for the year ended 31 December 2008

		Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Turnover	1(g)	13,169	13,383
Net operating costs		(14,441)	(14,094)
Loss on ordinary activities before interest and taxation		(1,272)	(711)
Net interest receivable	4	94	363
Loss on ordinary activities before taxation	5	(1,178)	(348)
Tax on ordinary activities	6	210	-
Retained loss for the year	14	(968)	(348)

The notes on pages 8 to 15 form part of these financial statements.

All operations are continuing.

The company has no gains and losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been prepared.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

ESB Hotels Limited

Reconciliation of movements in shareholders' funds

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Retained loss for the year	(968)	(348)
Net reduction to shareholders' funds	<u>(968)</u>	<u>(348)</u>
Opening shareholders' (deficit)/funds	(118)	230
Closing shareholders' deficit	<u>(1,086)</u>	<u>(118)</u>

The notes on pages 8 to 15 form part of these financial statements.

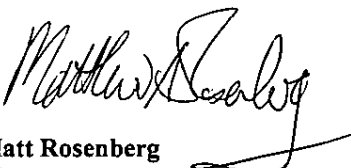
ESB Hotels Limited

Balance sheet at 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Fixed assets			
Tangible assets	7	2,517	2,556
Current assets			
Stocks	8	80	97
Debtors	9	4,077	4,013
Cash at bank and in hand		12	19
		<u>4,169</u>	<u>4,129</u>
Creditors: amounts falling due within one year	10	(7,772)	(6,803)
Creditors : amounts falling due after more than one year	11	-	-
Net current liabilities		<u>(3,603)</u>	<u>(2,674)</u>
Net liabilities		<u>(1,086)</u>	<u>(118)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	(1,086)	(118)
Shareholders' deficit		<u>(1,086)</u>	<u>(118)</u>

The notes on pages 8 to 15 form part of these financial statements.

The financial statements on pages 5 to 15 were approved by the board of directors on 3rd July 2009 and were signed on its behalf by:


Matt Rosenberg
 Director

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985. The financial statements have been drawn up to comply with applicable Accounting Standards in the United Kingdom. The directors have reviewed the company's accounting policies and estimation techniques and consider that the accounting policies selected for use in the preparation of the financial statements are the most appropriate for the company's circumstances and are consistent with the principles of Financial Reporting Standard 18 "Accounting Policies".

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 and are set out below:-

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 UK & European senior loan and the Group mezzanine loan facilities each contain a financial covenant, which requires the calculation of a DSCR ratio on a quarterly basis. The covenant requires a DSCR of at least 110% for each of the UK senior and Group mezzanine facilities and 150% for the European senior facility.

Additionally, the mezzanine loan facility contains a financial covenant, which requires the calculation of a Debt-to-Ebitda ratio on a quarterly basis. The covenant requires that the ratio is a maximum 6.5x during 2008 and 6.0x during 2009.

Management believe that the company will continue to be able to comply with the DSCR covenants for the next 12 months however the deterioration in trading conditions has resulted in a breach of the Debt-to-Ebitda covenant at the end of the first quarter. Management is negotiating a waiver of this covenant as part of the refinancing of the mezzanine facility.

- Managing the group's debt facilities.

The Group's mezzanine facility expires on 24 November 2009, its UK senior facility on 22 February 2010 and its European senior facility on 22 March 2010.

The UK senior facility may be extended by one year subject to compliance with a DSCR test in February 2010. It is management's intention to exercise this option.

Work is underway to refinance the Group's mezzanine and European senior facilities.

(b) Going concern

In the light of the information currently available to them, the Directors believe that the Group will be able to refinance or extend the term of its debt facilities and will continue in operational existence for the foreseeable future. On this basis, the Directors consider it appropriate to prepare the accounts of the Company on a going concern basis.

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (continued)

However, given the unprecedented external economic environment, there is still a material uncertainty as to whether ongoing discussions to refinance or extend the loans and negotiate the waiver of the covenant breach within the Group will reach a satisfactory conclusion. Should the Group be unable to refinance or extend the term of its debt facilities, adjustments would be necessary in the Company accounts to record additional liabilities and to write down assets to their recoverable amount.

The balance sheet set out on page 7 shows the company has net current liabilities of £3,603,000 and net liabilities of £1,086,000 at 31 December 2008. Included in these net current liabilities is £6,552,000 due to other group companies which have been treated as payable within one year. However, these group companies have indicated that they have no current intention of calling for repayment until the company has the necessary funds available. On this basis, the directors are satisfied that it is appropriate for the financial statements to be prepared on the going concern basis at this time.

(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) Tangible fixed assets

All tangible fixed assets are recorded at historical cost, being their purchase cost, together with any incidental expenses of acquisition.

Leasehold land is depreciated over the unexpired period of the lease, or such longer period where the anticipated renewal is considered to be sufficiently certain and is calculated to reflect the consumption of value over the lease term.

Depreciation is calculated to write off the cost, less estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Buildings are separated into identifiable components with significantly different useful economic lives as follows:

Long leasehold buildings	- 25 to 75 years
Properties on leases with less than 25 years to run at the balance sheet date	- over the unexpired period of the lease
Fixtures and fittings	- 4 to 7 years
Plant and equipment	- 3 to 15 years

(e) Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(f) Deferred taxation

Full provision is made for deferred tax arising from timing differences between recognition of gains and losses in the financial statements and their recognition in tax computations, where future payment or receipt is more likely than not to occur.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(f) Deferred taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided on a non-discounted basis.

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

(g) Turnover

Turnover is the total income receivable for goods supplied and services rendered, excluding VAT. Leisure club membership fees are recognised on a straight line basis over the membership period.

(h) Pensions

Both the Company and certain individuals make contributions into either a Group Stakeholder Pension or a Group Personal Pension Fund. Company contributions are expensed through the profit and loss as incurred.

(i) 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 emoluments of Mr Coles and Mr Rieck were paid by QMH Limited and the emoluments of Mr Moore were paid by QMH UK Limited, no recharge was made to the company. Mr Coles was an employee and Mr Rieck is a consultant of QMH Limited and both were directors of a number of fellow subsidiaries. Mr Moore was a director of QMH UK Limited and a number of fellow subsidiaries. It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. The total emoluments for these directors are included in the aggregate of directors' emoluments disclosed in the financial statements of QMH UK Limited.

Ms Mulahasani, Ms Ogden, Mr Kabalan and Mr Rosenberg received no remuneration for their services as directors of the company or any of the company's fellow subsidiaries.

3 Employee information

The average monthly number of employees (including executive directors) employed by the company during the year was 243 (2007: 257).

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Staff costs		
Wages and salaries	3,545	3,548
Social security costs	249	251
Pension costs (note 12)	35	29
	<u>3,829</u>	<u>3,828</u>

4 Net interest receivable

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Other interest receivable	<u>94</u>	<u>363</u>

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

5 Loss on ordinary activities before taxation

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation of owned fixed assets	458	414
Operating lease rentals – land and buildings	3,445	3,458
Operating lease rentals – other	47	24

Auditors' remuneration for the year ended 31 December 2008 amounting to £1,000 (2007: £1,000) has been borne by QMH UK Limited on behalf of the company.

6 Tax on ordinary activities

(a) Factors affecting tax charge for period

The current tax credit for the period is lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Loss on ordinary activities before tax	(1,178)	(348)
Tax credit thereon at 28.5 %	336	104
Effects of:		
Current year losses carried forward	67	-
Current year taxable profits sheltered by unprovided brought forward losses	(189)	12
Capital allowances for the period in excess of depreciation	-	(110)
Movement due to change in tax rate	(4)	(6)
Total current tax credit	210	-

The UK corporation tax rate of 28.5% above represents the average corporate tax rate prevailing in the UK during the year. From 1 April 2008, the standard rate of corporation tax was 28%.

(b) Factors that may affect future tax charges

Losses available but not recognised, subject to agreement with the relevant tax authorities to set against future profits of the company amount to £2,179,000 (2007: £180,000).

The company has not recognised any net deferred tax assets in respect of losses available of £610,000 (2007: £50,000) and Accelerated Capital Allowances of £413,000 (2007: £223,000). Subject to changes in tax legislation, the directors do not expect sufficient taxable profits to arise to utilise these tax losses and unclaimed allowances, in the foreseeable future. Given current economic circumstances, there is currently insufficient evidence to support recognition of a deferred tax asset.

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £'000
Cost	
At 1 January 2008	3,312
Additions	419
At 31 December 2008	<u>3,731</u>
Depreciation	
At 1 January 2008	756
Charge for the year	458
At 31 December 2008	<u>1,214</u>
Net book value	
At 31 December 2008	<u>2,517</u>
At 31 December 2007	<u>2,556</u>

8 Stocks

	31 December 2008 £'000	31 December 2007 £'000
Goods for resale	78	95
Other stocks	2	2
	<u>80</u>	<u>97</u>

9 Debtors: amounts falling due within one year

	31 December 2008 £'000	31 December 2007 £'000
Trade debtors	371	562
Amounts owed to group undertakings	210	-
Prepayments and accrued income	3496	3,451
	<u>4,077</u>	<u>4,013</u>

Included within amounts owed to group undertakings is a non-interest bearing loan to QMH Limited of £210,000 (2007: £nil). This loan is repayable on demand, however, the company has no current intention of calling for repayment.

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Creditors: amounts falling due within one year

	31 December 2008 £'000	31 December 2007 £'000
Trade creditors	394	363
Amounts owed to group undertakings	6,551	5,623
Other creditors	227	173
Accruals and deferred income	600	644
	<u>7,772</u>	<u>6,803</u>

Included within amounts owed by group undertakings is a non-interest bearing loan from QMH UK Limited of £556,000 (2007: £556,000). This loan is repayable on demand, however, the directors of QMH UK Limited have informed the company that they have no current intention of calling for repayment.

11 Creditors: amounts falling due after more than one year

	31 December 2008 £'000	31 December 2007 £'000
1 deferred share of £1	-	-

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.

12 Pension obligations

FRS 17 disclosures, to the extent that they are not given below are given in the financial statements of QMH Limited.

The company was a member of one or more of the UK pension schemes until 30 November 2007. The UK defined benefit schemes were closed to future accrual with effect from 30 November 2007 and the scheme liabilities were fully bought out with Legal and General Assurance on 4 December 2007. The main schemes were defined benefit schemes which provided benefits on a final pensionable salary. The defined benefit schemes are multi-employer schemes and it is not possible for the company to separately identify its share of the underlying assets and liabilities. In accordance with FRS 17 for accounting purposes, these schemes have been treated as defined contribution schemes. Further details relating to these schemes can be found in the financial statements of QMH Limited.

The pension costs, which equate to the contributions payable, were determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial valuations were carried out as at 31 December 2007.

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

13 Called up share capital

	31 December 2008 £'000	31 December 2007 £'000
Authorised:		
99 ordinary shares of £1 each	-	-
Allotted, called up and fully paid:		
1 ordinary share of £1	-	-

14 Reserves

	Profit and loss account £'000
At 1 January 2008	(118)
Retained loss for the year	(968)
At 31 December 2008	(1,086)

15 Capital commitments

	31 December 2008 £'000	31 December 2007 £'000
Capital expenditure that has been contracted but has not been provided for in the financial statements	171	8

16 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 31 December 2008 £'000	Land and buildings 31 December 2007 £'000	Other 31 December 2008 £'000	Other 31 December 2007 £'000
Operating leases which expire:				
within one year	-	-	45	24
between two and five	-	-	2	-
in over five years	3,998	3,445	-	-
	3,998	3,445	47	24

17 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 2008 amounted to £162.1 million (2007: £133.6 million).

ESB Hotels Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

18 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.