Forest Pines (Lincolnshire) Limited

Directors' report and financial statements

Registered number 3398544

28 December 2008

Contents

Directors and advisors

Executive directors

Michael Purtill FCA	Managing Director
Ian Goulding BSc ACA	Finance Director
David Taylor	Sales Director

Secretary and registered office

Ian Goulding
Wellington House
Cliffe Park
Bruntcliffe Road
Morley
Leeds
LS27 0RY

Registered auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Solicitors

DLA Piper LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Bankers

Anglo Irish Bank Corporation Plc
10 Old Jewry
London
EC2R 8DN

Directors' report

The directors present their report and the audited financial statements for the 52 week year ended 28 December 2008.

Principal activity and business review

The principal activity of the company continues to be owning and managing a freehold hotel, within the hotel group brand, QHotels.

The profit and loss account for the year is set out on page 8.

The key performance indicators (KPI's) for the business are average room rate and occupancy rate. The KPI's are monitored across the QHotels Group portfolio of hotels and are described in the directors' report in the financial statements of QHotels Group Limited.

Going concern

The company is a participant of the QHotels group's borrowing arrangement and consequently its assumption to prepare its financial statements on a going concern basis is dependant on the group's ability to continue as a going concern.

On 29 June 2009 the group concluded renegotiating certain terms and conditions, including covenants, of its facility agreement with Anglo Irish Bank; the amended agreement was signed on 14 July 2009.

The financial covenants have been reset based on the group's financial forecasts which have been reviewed and approved by the directors. The directors consider that these forecasts, based on current and anticipated future market conditions, demonstrate an adequate level of headroom for at least the 12 months following the signing of the financial statements and also make appropriate allowances for a number of potential adverse sensitivities.

The directors are of the view that, whilst the economic and market conditions continue to be challenging and not without risk, the renegotiated terms and conditions are sufficiently robust as to the adequacy of both overdraft and covenant headrooms to enable the group to operate within its terms for at least the next 12 months. Accordingly the company's financial statements are prepared on a going concern basis.

Further details of the renegotiated terms and conditions are set out in the basis of preparation.

Principal risks and uncertainties

Financing and interest rates

The company finances its activities through loans provided by fellow group undertakings on commercial terms.

Credit

The company's objective is to reduce the risk of financial loss due to a counter party's failure to honour its obligations. Credit is only given to corporates and standard payment terms are quoted on all contracts. The hotel is responsible for implementing the group's credit control procedures, including the determination of credit-worthy customers, management of individual exposures and ensuring payment is secured in accordance with the agreed terms.

Liquidity

Investment is approved following a detailed appraisal process and an assessment of the financial needs of the investment. All capital items are approved at board level whether purchased outright, leased, rented or subject to hire purchase agreements. The method of funding for each is dictated in each case by cash flow implications.

IT

With the majority of the group's processes and information systems being held on central file servers situated within a single site data centre, the group's objective is to eliminate the principal single points of failure within the key elements of hardware, software and data communications. This is achieved by having automated fail-over systems as well as a replication of the central data centre located in off-site premises.

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

Competition

Competitive risk exists in all business and the company's objective is to be able to identify such risks at an early stage so that an appropriate strategy can be implemented to reduce that risk. This is achieved through a regime of regular forecasting and budgeting together with a systematic review process of historic and future performance by senior management.

Property insurance and consequential loss

The company's key asset is its hotel which allows it to generate operating profits. The risk of an impact on operating profits from damage or destruction of the hotel is covered by putting in place appropriate insurance cover. The cover is provided on a group-wide basis and provides for full reinstatement value of the property and loss of gross profits for a period of three years.

Dividends

The directors do not recommend the payment of a dividend *(2007: £nil)*.

Directors

The directors of the company who served during the year were:

Michael Purtill
Ian Goulding
David Taylor

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Charitable and political donations

Donations made by the company during the year for charitable purposes amounted to £154 *(2007: £nil)*. No contributions were made by the company for political purposes.

Employees

The company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through staff magazines, staff consultative committee meetings, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

It is the company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the company endeavours to abide by the agreed payment terms.

Directors' report *(continued)*

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

I Goulding
Company Secretary

17 July 2009

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 Generally 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 period.

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 LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Forest Pines (Lincolnshire) Limited

We have audited the financial statements of Forest Pines (Lincolnshire) Limited for the year ended 28 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, the Balance Sheet, 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 5.

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 Forest Pines (Lincolnshire) 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 28 December 2008 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 LLP

KPMG LLP
Chartered Accountants
Registered Auditor

17 July 2009

Profit and loss account

for the 52 week year ended 28 December 2008

	Note	Year ended 28 December 2008	Year ended 30 December 2007
		£'000	£'000
Turnover	2	10,039	9,067
Cost of sales		(1,343)	(1,181)
Gross profit		8,696	7,886
Administration expenses		(6,348)	(5,850)
Operating profit		2,348	2,036
Interest receivable	5	25	2
Interest payable and similar charges	6	(1,577)	(3,405)
Profit/(loss) on ordinary activities before taxation	7	796	(1,367)
Tax on profit/(loss) on ordinary activities	8	(277)	109
Profit/(loss) for the financial year	15	519	(1,258)

All of the company's operations during the year shown above represent continuing operations.

Statement of total recognised gains and losses

for the 52 week year ended 28 December 2008

	Note	Year ended 28 December 2008	Year ended 30 December 2007
		£'000	£'000
Profit/(loss) for the year	15	519	(1,258)
Unrealised surplus on revaluation of freehold property	15	5,013	-
Total recognised gains and losses for the year		5,532	(1,258)

Note of historical cost profits and losses

for the 52 week year ended 28 December 2008

	Note	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Reported profit/(loss) on ordinary activities before taxation		796	(1,367)
Difference between historical cost depreciation and the actual depreciation charge for the year	15	7	8
Historical cost profit/(loss) on ordinary activities before taxation		803	(1,359)
Historical cost profit/(loss) for the year retained after taxation		526	(1,250)

Balance sheet
as at 28 December 2008

	Note	28 December 2008 £'000	30 December 2007 £'000
Fixed assets			
Tangible assets	9	**44,962**	40,155
Current assets			
Stocks	10	**193**	165
Debtors	11	**1,786**	786
Cash at bank		**102**	119
		2,081	1,070
Creditors: amounts falling due within one year	12	**(3,808)**	(33,522)
Net current liabilities		**(1,727)**	(32,452)
Total assets less current liabilities		**43,235**	7,703
Provision for liabilities and charges	13	**-**	-
Total net assets		**43,235**	7,703
Capital and reserves			
Called up share capital	14	**30,000**	-
Revaluation reserve	15	**14,172**	9,166
Profit and loss account	15	**(937)**	(1,463)
Total equity shareholders' funds	16	**43,235**	7,703

The financial statements on pages 8 to 17 were approved by the board of directors on 17 July 2009 and were signed on its behalf by:

I Goulding
Finance Director

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 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified to include the revaluation of certain tangible fixed assets.

These financial statements have been prepared on a going concern basis which assumes that the company will continue to trade for the foreseeable future. The validity of this assumption is dependent upon the continued support from the ultimate holding company. QHotels Group Limited has indicated that it intends to provide such funds as are necessary for the company to trade for the foreseeable future. In addition, the company is a participant of the QHotels group's borrowing arrangements and consequently the validity of its going concern assumption is also dependant on the group's ability to continue as a going concern.

The ability of the group to continue as a going concern is reliant upon the continued availability of external debt financing. The deterioration of the hotel sector in 2008, largely due to macro economic factors, put pressure on the group's ability to continue to trade within the covenants set out in its facility agreement with Anglo Irish Bank.

This led to the group renegotiating certain terms and conditions, including covenants, of its facility agreement with Anglo Irish Bank; the amended agreement was signed on 14 July 2009. The continued availability of this external financing is dependent upon the group's ability to generate sufficient cash to service its debt and to continue to operate within and adhere to the covenants and other terms and conditions set out in the facility agreement. The group has continued to meet all interest and other payment obligations on time from debt resources available to it, and after reviewing cash flow forecasts (see 'Going concern' below) for a period of at least the 12 months from the date of signing these financial statements and as noted in the Going Concern section of the Directors' report, the directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the renegotiated terms and conditions are sufficiently robust as to the adequacy of both overdraft and covenant headrooms to enable the group to operate within its terms for at least the 12 months following the signing of the financial statements.

Going concern

In determining whether the company's annual financial statements can be prepared on a going concern basis, the directors considered all factors likely to materially affect the group's future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to the group's business activities. Further details are contained in the group financial statements of QHotels Group Limited. The key factors considered by the directors were as follows:

- the impact of the challenging economic environment on the group's revenues and profits. The key assumption is that the trading conditions experienced in the first six months of 2009 continue for the next 12 months. The group undertakes forecasts and projections of trading and cash flows on a regular basis. Whilst this is essential for targeting performance and identifying areas of focus for management to improve performance they also provide projections of working capital requirements including the working capital requirements in a downside sensitivity scenario.

- the impact of the competitive environment within which the group operates. In particular, UK hospitality operates in a competitive marketplace which is currently experiencing falling occupancies and competitive pricing.

- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that group operating profit and cash flows are protected;

Notes *(continued)*

***Basis of preparation** (continued)*

Going concern (continued)

- the committed finances available to the group. The group meets its day-to-day working capital requirements through an overdraft facility with Barclay Bank that is due for renewal on 17 January 2010 and is secured by a guarantee from Anglo Irish Bank. This guarantee is provided under a composite facility agreement with Anglo Irish Bank, which will continue in place until that agreement ends on 15 February 2011.

The group's forecast and projections, taking account of reasonable downside sensitivities for possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. The group will open renewal negotiations with its banks in due course and has at this stage not sought any written commitment that the facilities will be renewed. However, the group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of preparing the Directors' report and financial statements.

Basis of accounting

As a wholly owned subsidiary, the company has availed itself of the exemption under Financial Reporting Standard Number 8, not to disclose intra-group transactions.

Under Financial Reporting Standard Number 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of it being a wholly owned subsidiary of QHotels Group Limited.

Tangible assets

No depreciation is provided on freehold land. Depreciation is provided on all tangible fixed assets, other than freehold land, on a straight line basis, over their estimated useful economic lives as follows:

Freehold property	-	up to 50 years
Plant and machinery	-	15 to 20 years
Furniture, fittings, equipment and motor vehicles	-	5 to 15 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future obligations shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover, which excludes value added tax, transactions between group companies and trade discounts, represents the invoiced value of goods and services supplied.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

QHotels Group Limited operates a defined contribution pension scheme to which the company contributes. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2 Segmental reporting

The company's turnover, profit before taxation and net assets are derived from its principal activity within the UK and as such no segmental information has been disclosed.

3 Directors' emoluments

The directors received no remuneration in respect of the year ended 28 December 2008 *(2007: £nil).*

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	Year ended 28 December 2008		Year ended 30 December 2007	
	Full-time Number	**Part time number**	Full-time Number	Part time number
By activity				
Staff in hotel outlets	**144**	**96**	161	79

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Staff costs (for the above persons)		
Wages and salaries	**2,843**	2,757
Social security costs	**220**	207
Employers' pension costs	**15**	11
	3,078	2,975

5 Interest receivable and similar income

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Interest receivable from group undertakings	**25**	2

6 Interest payable and similar charges

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Interest payable to group undertakings	**1,577**	3,405

Notes *(continued)*

7 Profit/(loss) on ordinary activities before taxation

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation of owned fixed assets	**1,088**	627
Rentals payable under operating leases:		
Plant and machinery	**4**	2

The audit fee for the company for 2008 and 2007 was borne by QHotels Services Limited, a fellow subsidiary. The company paid no other fees to the auditors for other services *(2007: £nil)*.

8 Tax on profit/(loss) on ordinary activities

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Corporation tax charge in respect of:		
Current year	**7**	-
Deferred tax movement	**-**	(1,034)
Release of remaining deferred tax asset	**-**	920
Prior period:		
Group relief	**270**	(353)
Deferred tax	**-**	358
Tax charge/(credit)	**277**	(109)

The current tax charge/(credit) for the year is lower *(2007: lower)* than the standard rate of corporation tax in the UK 28.5%. *(2007: 30%)*

The differences are explained below.

	Year ended 28 December 2008 £'000	Year ended 30 December 2007 £'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	**796**	(1,367)
Current tax charge/(credit) at 28.5% *(2007: 30%)*	**227**	(410)
Effects of:		
Expenses not deductible for tax purposes	**7**	1
Non-qualifying depreciation	**103**	76
Deferred tax provided	**-**	1,034
Effect of HBA abolition	**-**	(583)
HBA allowances claimed	**(95)**	(118)
Unprovided deferred tax	**(235)**	-
	7	-

Notes *(continued)*

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation				
At beginning of year	34,597	5,971	480	41,048
Additions	371	511	-	882
Transfers	26	454	(480)	-
Revaluation	5,013	-	-	5,013
Disposals	-	(64)	-	(64)
At end of year	40,007	6,872	-	46,879
Depreciation				
At beginning of year	(435)	(458)	-	(893)
Charge for year	(390)	(698)	-	(1,088)
Transfers	33	(33)	-	-
Disposals	-	64	-	64
At end of year	(792)	(1,125)	-	(1,917)
Net book value				
At 28 December 2008	**39,215**	**5,747**	**-**	**44,962**
At 30 December 2007	34,162	5,513	480	40,155

The company's freehold property was independently valued by Jones Lang LaSalle in October 2006. The valuation was prepared on the basis of market value in accordance with the practice statements contained in the RICS Appraisal and Valuation Manual published by Royal Institution of Chartered Surveyors. On 28 December 2008 the directors performed their own internal valuation of the company's freehold property. This was carried out using discounted cash flow techniques. The results of this internal valuation are recorded in these financial statements.

The historical cost and net book value of the company's freehold land and buildings includes above at valuation is as follows:

	28 December 2008 £'000	30 December 2007 £'000
Historical cost	**25,820**	25,423
Historical net book value	**25,043**	24,995

Notes *(continued)*

10 Stock

	2008 £'000	2007 £'000
Raw materials and consumables	**157**	135
Goods for resale	**36**	30
	193	165

11 Debtors

	2008 £'000	2007 £'000
Trade debtors	**571**	413
Amounts due from group undertakings	**1,103**	256
Prepayment & accrued income	**109**	117
Other debtors	**3**	-
	1,786	786

12 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	**393**	415
Amounts due to group undertakings	**2,587**	32,132
Other taxation and social security	**321**	327
Other creditors	**129**	204
Accruals and deferred income	**378**	444
	3,808	33,522

13 Provision for liabilities and charges

Deferred tax

	2008 £'000	2007 £'000
At beginning of year	-	(244)
Current year credit	-	(1,034)
Prior year charge/(credit)	-	358
Release of remaining deferred tax asset	-	920
At end of year	-	-

Notes *(continued)*

13 Provision for liabilities and charges *(continued)*

The amounts provided for deferred taxation and the amounts not provided are set out below:

	28 December 2008		30 December 2007	
	Provided	**Unprovided**	Provided	Unprovided
	£'000	**£'000**	£'000	£'000
Differences between accumulated depreciation and capital allowances	**-**	**(522)**	-	(440)
On revaluation of land and buildings	**-**	**5,854**	-	4,819
Trading losses	**-**	**(262)**	-	(419)
Deferred tax liability	**-**	**5,070**	-	3,960

No provision has been made in respect of the unrealised property revaluation surplus because it is not the directors' current intention to dispose of the related property. The deferred tax assets have not been provided for on the gournds of the uncertainty of when it may be able to be utilised.

14 Called up share capital

	2008	2007
	£'000	£'000
Authorised share capital:		
30,000,100 *(2007: 100)* Ordinary shares of £1 each	**30,000**	-
Allotted, called up and fully paid:		
30,000,002 *(2007: 2)* Ordinary shares of 1 each	**30,000**	-

On 30 June 2008 the company issued 30,000,000 fully paid ordinary shares of £1 each to assist in the repayment of certain inter-group loans.

15 Reserves

	Revaluation reserve	**Profit & loss account**	**Total**
	£'000	**£'000**	**£'000**
At beginning of year	9,166	(1,463)	**7,703**
Profit for the year	-	519	**519**
Revaluation of freehold property in the year	5,013	-	**5,013**
Transfer in respect of depreciation provided on revaluation surplus	(7)	7	-
At end of year	14,172	(937)	**13,235**

16 Reconciliation of movement in shareholders' funds

	2008	2007
	£'000	£'000
Opening shareholders' funds	7,703	8,961
Profit/(loss) for the year	519	(1,258)
Unrealised surplus on revaluation of freehold property	5,013	-
Issue of shares	30,000	-
Closing shareholders' funds	43,235	7,703

Notes *(continued)*

17 Capital commitments

	2008	2007
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**178**	932

18 Financial commitments

At 28 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 Plant and Machinery £'000	2007 Plant and machinery £'000
Expiring:		
Within one year	**2**	-
Between two and five years	**2**	4
	4	4

19 Pension arrangements

QHotels Group Limited maintains a defined contribution pension scheme to which the company contributes. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charged in the year represents contributions payable by the company to the fund and amounted to £15,000 *(2007: £11,000)*.

20 Ultimate controlling party

The entire issued share capital of the company is owned by Briggate Lodge Limited. The ultimate parent company is QHotels Group Limited; a company incorporated in Great Britain and registered in England and Wales. The Group accounts of QHotels Group Limited can be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ. The ultimate controlling party of QHotels Group Limited is Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited.

21 Contingent liabilities

The company is a participant in QHotels Limited's term loan borrowings whereby these borrowings are secured by fixed and floating charges over the company's assets.