Marston Crewe Hall Limited

Directors' report and financial statements

Registered number: 5600743

30 December 2012

Contents

Directors and advisors

Executive directors

Michael Purtill FCA	Managing Director
Ian Goulding BSc ACA	Finance Director

Secretary and registered office

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

Registered auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Solicitors

DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Bankers

Irish Bank Resolution Corporation Limited (in Special Liquidation)
10 Old Jewry
London
EC2R 8DN

Directors' report

The directors present their directors' report and the financial statements for the 52 week year ended 30 December 2012

Principal activity and business review

The profit and loss account for the year is set out on page 7

The company's principal activity is that of a property investment company

The directors consider that the financial position at 30 December 2012 was satisfactory and they expect this to be maintained for the foreseeable future

Going concern

As disclosed in the Post Balance Sheets Event note 17, QHotels Group Limited the ultimate parent company was placed into administration on 16 January 2013, all other subsidiary companies were unaffected It has been replaced by a new intermediate parent company, QHotels Holdings Limited, which acquired the entire issued share capital of each of the subsidiaries of QHotels Group Limited QHotels Holdings Limited is party to the group's bank facility agreement with Irish Bank Resolution Corporation and will act as the parent to the remaining companies in the group Future consolidated accounts of the group from 16 January 2013 will be prepared for QHotels Holdings Limited

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary undertakings The directors, having assessed the responses of the directors of the company's parent, QHotels Holdings Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of QHotels Holdings Limited and its subsidiary undertakings to continue as a going concern or its ability to continue with the current banking facilities which were agreed on 16 January 2013

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of QHotels Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Principal risks and uncertainties

Financing and interest rates

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

Property insurance and consequential loss

The company's key asset is its interest in freehold property and as such mitigates the risk of damage or destruction of that asset 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 *(2011 nil)*

Directors' report *(continued)*

Directors and directors' interests

The directors of the company who served during the year were

Michael Purtill
Ian Goulding

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

Charitable and political donations

No contributions were made by the company for either charitable or political purposes *(2011 £nil)*

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information

Auditor

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

By order of the board

I Goulding
Company Secretary

28 March 2013

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

The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law they have elected to prepare the financıal statements ın accordance wıth UK Accountıng Standards and applıcable law (UK Generally Accepted Accountıng Practıce)

Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They have general responsıbılıty for takıng such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other ırregularıtıes

The dırectors are responsıble for the maıntenance and ıntegrıty of the corporate and financıal ınformatıon ıncluded on the company's websıte Legıslatıon ın the UK governıng the preparatıon and dıssemınatıon of financıal statements may dıffer from legıslatıon ın other ȷurısdıctıons

KPMG

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

Independent auditor's report to the members of Marston Crewe Hall Limited

We have audited the financial statements of Marston Crewe Hall Limited for the year ended 30 December 2012 set out on pages 7 to 15 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 December 2012 and profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Marston Crewe Hall Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

- the financial statements are not in agreement with the accounting records and returns, or

- certain disclosures of directors' remuneration specified by law are not made, or

- we have not received all the information and explanations we require for our audit

Richard Evans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

28 March 2013

Profit and loss account

for the 52 week year ended 30 December 2012

	Note	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Turnover	2	**930**	930
Cost of sales		**-**	-
Gross profit		**930**	930
Administrative expenses		**(21)**	(187)
Impairment of freehold property	5	**-**	(1,651)
Operating profit/(loss)		**909**	(908)
Interest receivable and similar income	3	**519**	713
Interest payable and similar charges	4	**(96)**	(137)
Profit/(loss) on ordinary activities before taxation	5	**1,332**	(332)
Tax on profit/(loss) on ordinary activities	6	**(221)**	(413)
Profit/(loss) for the financial year	12	**1,111**	(745)

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

The company has no recognised gains or losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical equivalents

Balance sheet
as at 30 December 2012

	Notes	As at 30 December 2012 £'000	As at 1 January 2012 £'000
Fixed assets			
Tangible assets	7	**17,109**	6,868
Current assets			
Debtors	8	**5,044**	11,063
Creditors amounts falling due within one year	9	**(5,251)**	(2,140)
Net current (liabilities)/assets		**(207)**	8,923
Total assets less current (liabilities)/assets		**16,902**	15,791
Net assets		**16,902**	15,791
Capital and reserves			
Called up share capital	11	**18,000**	18,000
Profit and loss account	12	**(1,098)**	(2,209)
Total equity shareholders' funds	13	**16,902**	15,791

The financial statements were approved by the board of directors on 28 March 2013 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

The financial statements have been prepared for the 52 weeks ended 30 December *2012 (2011 52 weeks ended 1 January 2012)* The group adopts a variable reference date and the financial statements are prepared for a fiscal year to the Sunday closest to 31 December each year The term "year" within the financial statements refers to the fiscal year as noted herein

Going concern

As disclosed in the Post Balance Sheets Event note 17, QHotels Group Limited the ultimate parent company was placed into administration on 16 January 2013, all other subsidiary companies were unaffected It has been replaced by a new intermediate parent company, QHotels Holdings Limited, which acquired the entire issued share capital of each of the direct subsidiaries of QHotels Group Limited QHotels Holdings Limited is party to the group's bank facility agreement with Irish Bank Resolution Corporation and will act as the parent to the remaining companies in the group Future consolidated accounts of the group from 16 January 2013 will be prepared for QHotels Holdings Limited

QHotels Holdings Limited, acting as parent to all group companies other than QHotels Group Limited, has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company In particular it will not seek repayment of the amounts currently made available by it or any other fellow subsidiary undertaking

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary undertakings The directors, having assessed the responses of the directors of the company's parent, QHotels Holdings Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of QHotels Holdings Limited and its subsidiary undertakings to continue as a going concern or its ability to continue with the current banking facilities which were signed on 16 January 2013

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of QHotels Group Limited and QHotels Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis of accounting in preparing the annual 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 equipment	-	between 10 and 20 years

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover comprises rental income from group undertakings, which exclude value added tax

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

2 Segmental reporting

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

3 Interest receivable and similar income

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Interest receivable from group undertakings	**519**	713

4 Interest payable and similar charges

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Interest payable to group undertakings	**96**	137

5 Profit/(loss) on ordinary activities before taxation

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging.		
Depreciation charge for the year	**21**	187
Property rent receivable	**(930)**	(930)
Impairment of freehold property	**-**	(1,651)

The audit fee for the company for the current and prior year was borne by QHotels Services Limited, a fellow subsidiary The company paid no other fees to the auditors for other services *(2011 £nil)*

The directors received no remuneration in respect of the year ended 30 December 2012 *(2011 £nil)*

Notes *(continued)*

6 Tax on profit/(loss) on ordinary activities

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Current year		
Group relief	**221**	396
Prior year		
Group relief	**-**	17
Tax charge for the year	**221**	413

The current tax charge for the year is lower *(2011 lower)* than the standard rate of corporation tax in the UK of 24 5% *(2011 26 5%)* The differences are explained below

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	**1,332**	(332)
Current tax charge at 24 5% *(2011 26 5%)*	**326**	(88)
Effects of		
Difference between capital allowances and depreciation in the period	**(110)**	40
HBA allowances claimed	**-**	(2)
Non-qualifying depreciation	**5**	10
Impairment of freehold property	**-**	436
Total current tax charge (see above)	**221**	396

Notes *(continued)*

7 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At beginning of year	6,868	-	6,868
Transfer from group undertaking	7,906	3,413	11,319
At end of year	14,774	3,413	18,187
Depreciation			
At beginning of year	-	-	-
Charge for year	(21)	-	(21)
Transfer from group undertaking	(637)	(420)	(1,057)
At end of year	(658)	(420)	(1,078)
Net book value			
At 30 December 2012	**14,116**	**2,993**	**17,109**
At 1January 2012	6,868	-	6,868

The company's freehold properties were independently valued by R Chess, FRICS of Christie + Co in July 2012 The valuation was prepared on the basis of market value in accordance with the Valuation Standards (8th Edition) published by the Royal Institution of Chartered Surveyors The effect of this valuation was accounted for in the period ended 1 January 2012 The directors consider that the carrying value materially represents the market value at 30 December 2012

8 Debtors

	30 December 2012 £'000	1 January 2012 £'000
Amounts due from group undertakings	**5,044**	11,063

Notes *(continued)*

9 Creditors: amounts falling due within one year

	30 December 2012 £'000	1 January 2012 £'000
Amounts due to group undertakings	**5,251**	2,140

10 Deferred tax asset

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

	30 December 2012		1 January 2012	
	Provided £'000	**Unprovided £'000**	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	-	**108**	-	225
Deferred tax asset	-	**108**	-	225

Deferred tax timing differences have not been provided because of the uncertainty of their reversal

11 Called up share capital

	30 December 2012 £000	1 January 2012 £000
Allotted, called up and fully paid		
18,000,001 *(2011 18,000,001)* ordinary shares of £1 each	**18,000**	18,000

During the prior year the company issued of 3,000,000 ordinary shares of £1 each to strengthen the balance sheet

12 Deficit on reserves

The reserves of the company are as follows

	Profit & loss account £'000
At beginning of year	(2,209)
Profit for the year	1,111
At end of year	(1,098)

Notes *(contınued)*

13 Reconcılıatıon of movements in shareholders' funds

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Openıng shareholders' funds	**15,791**	13,536
Profit/(loss) for the year	**1,111**	(745)
Issue of ordınary share capıtal	-	3,000
Closıng shareholders' funds	**16,902**	15,791

14 Capital commitments

	Year ended 30 December 2012 £'000	Year ended 1 January 2012 £'000
Capıtal expendıture that has been contracted for but has not been provıded for ın the accounts	70	-

15 Ultimate controllıng party

The entıre ıssued capıtal of the company ıs owned by Marston Hotels Holdıngs Lımıted The ultımate parent company ıs QHotels Group Lımıted, a company ıncorporated ın Great Brıtaın and regıstered ın England and Wales The Group accounts of QHotels Group Lımıted can be obtaıned from Regıstrar of Companıes, Companıes House, Crown Way, Cardıff, CF4 3UZ Untıl 24 December 2012, the ultımate controllıng party of QHotels Group Lımıted was Alchemy Partners Nomınees Lımıted on behalf of ınvestors ın the Alchemy Investment Plan The Alchemy Investment Plan ıs managed by Alchemy Partners (Guernsey) Lımıted On 24th December 2012 Mıchael Purtıll and Ian Gouldıng each acquıred, for £1 each, 50% of the entıre shareholdıngs of 4,031,772 shares Alchemy Partners Nomınees Lımıted had ın QHotels Group Lımıted From that date the ultımate controllıng partıes of QHotels Group Lımıted are Mıchael Purtıll and Ian Gouldıng ın conjunctıon wıth Davıd Chubb and Mıchael Jervıs of PrıcewaterhouseCoopers LLP as the joınt admınıstrators

16 Contingent liabilities

The company ıs a partıcıpant ın QHotels Lımıted's term loan borrowıngs whereby these borrowıngs are secured by fixed and floatıng charges over the company's assets

Notes *(contınued)*

17 Post balance sheet events

On 16 January 2013 the group concluded renegotıatıng certaın terms and condıtıons of ıts facılıty agreement wıth Irısh Bank Resolutıon Corporatıon (IBRC), the amended agreement was sıgned on that date The key changes ın the facılıty agreement are that the loan term was extended untıl 30 November 2015 and new loan repayments were set wıth reference to the group's antıcıpated cash flows

Condıtıonal on the sıgnıng of the amended facılıty agreement was IBRC's requırement to appoınt an admınıstrator to QHotels Group Lımıted, the ultımate parent company, all other subsıdıary companıes were unaffected Davıd Chubb and Mıchael Jervıs, of PWC, were appoınted admınıstrators of QHotels Group Lımıted on the same date as the amended facılıty agreement was sıgned

Immedıately prıor to the appoıntment of Davıd Chubb and Mıchael Jervıs, QHotels Holdıngs Lımıted, ıncorporated on 11 January 2013 and a wholly owned subsıdıary of QHotels Group Lımıted, acquıred the entıre ıssued share capıtal of each of the dırect subsıdıarıes of QHotels Group Lımıted, namely, QHotels Lımıted, QHotels Servıces Lımıted, QHotels Investments Lımıted and QHotels Packages Lımıted for £1 each