

**Marston Crewe Hall Limited**  
**Directors' report and financial**  
**statements**

Registered number: 5600743

3 January 2010



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## **Directors and advisors**

### **Executive directors**

Michael Purtill FCA  
Ian Goulding BSc ACA  
David Taylor

Managing Director  
Finance Director  
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 UK 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 directors' report and the financial statements for the 53 week year ended 3 January 2010

### **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 3 January 2010 was satisfactory and they expect this to be maintained for the foreseeable future

### **Going concern**

The company participates in QHotels Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors, having assessed the responses of the directors of the company's parent QHotels Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of QHotels Group to continue as a going concern or its ability to continue with the current banking arrangements which were agreed on 3 November 2010

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of QHotels Group 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 (2008 nil)

### **Directors and directors' interests**

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 year and at the date of this report

## **Directors' report** *(continued)*

### **Charitable and political donations**

No contributions were made by the company for either charitable or political purposes (2008 *£nil*)


### **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

18 November 2010

## **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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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 LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

**Independent auditors' report to the members of Marston Crewe Hall Limited**

We have audited the financial statements of Marston Crewe Hall Limited for the 53 weeks ended 3 January 2010 set out on pages 7 to 14. 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 auditors' 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**

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 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 (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**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 3 January 2010 and of its loss for the 53 weeks 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 period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' 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

18 November 2010



## Profit and loss account

for the 53 week year ended 3 January 2010

	Note	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
<b>Turnover</b>	2	<b>1,075</b>	1,075
Cost of sales		-	-
<b>Gross profit</b>		<b>1,075</b>	1,075
Administrative expenses		(205)	(191)
Impairment of freehold property	7	(5,364)	-
<b>Operating (loss)/profit</b>		<b>(4,494)</b>	884
Interest receivable and similar income	3	291	279
Interest payable and similar charges	4	(54)	(40)
<b>(Loss)/Profit on ordinary activities before taxation</b>	5	<b>(4,257)</b>	1,123
Tax on (loss)/profit on ordinary activities	6	(341)	(336)
<b>(Loss)/Profit for the financial year</b>	12	<b>(4,598)</b>	787

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

## Note of historical cost profits and losses

for the 53 week year ended 3 January 2010

	Note	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
Reported (loss)/profit on ordinary activities before taxation		(4,257)	1,123
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on revalued amounts	12	16	2
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>		<b>(4,241)</b>	1,125
<b>Historical cost (loss)/profit for the year retained after taxation</b>		<b>(4,582)</b>	789

## Statement of total recognised gains and losses

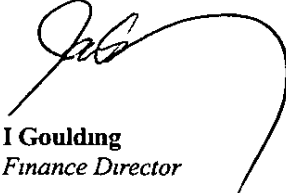
for the 53 week year ended 3 January 2010

	Note	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
(Loss)/Profit for the financial year	12	(4,598)	787
Unrealised (deficit)/surplus on revaluation of freehold property	12	(5,472)	4,496
<b>Total recognised gains and losses in year</b>		<b>(10,070)</b>	5,283

**Balance sheet***as at 3 January 2010*

	<i>Notes</i>	<b>As at 3 January 2010 £'000</b>	<b>As at 28 December 2008 £'000</b>
<b>Fixed assets</b>			
Tangible assets	7	8,894	19,935
<b>Current assets</b>			
Debtors	8	4,976	3,610
<b>Creditors</b> amounts falling due within one year	9	4,976 (1,170)	3,610 (775)
<b>Net current assets</b>		3,806	2,835
<b>Total assets less current liabilities</b>		12,700	22,770
<b>Net assets</b>		12,700	22,770
<b>Capital and reserves</b>			
Called up share capital	11	15,000	15,000
Revaluation reserve	12	-	5,488
Profit and loss account	12	(2,300)	2,282
<b>Total equity shareholders' funds</b>	13	12,700	22,770

The financial statements on pages 7 to 14 were approved by the board of directors on 18 November 2010 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 53 weeks ended 3 January 2010 (2008 52 weeks ended 28 December 2008) 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*

The company participates in QHotels Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries The directors, having assessed the responses of the directors of the company's parent QHotels Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of QHotels Group to continue as a going concern or its ability to continue with the current banking arrangements which were agreed on 3 November 2010

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of QHotels Group 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*

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

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

#### *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)***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 Interest receivable and similar income**

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
Interest receivable from group undertakings	291	279

**4 Interest payable and similar charges**

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
Interest payable to group undertakings	54	40

**5 (Loss)/Profit on ordinary activities before taxation**

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
<i>(loss)/Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation charge for the year	205	191
Property rent receivable	(1,075)	(1,075)
Impairment of freehold property	5,364	-

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 (2008 £nil)

The directors received no remuneration in respect of the year ended 3 January 2010 (2008 £nil)

**Notes** *(continued)***6 Tax on (loss)/profit on ordinary activities**

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
Current year		
Group relief	341	336
	<hr/>	<hr/>
Tax charge for the year	341	336
	<hr/>	<hr/>

The current tax charge for the year is higher (2008 *higher*) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(4,257)	1,123
	<hr/>	<hr/>
Current tax (credit)/charge at 28% (2008 28.5%)	(1,192)	320
<i>Effects of</i>		
Unprovided deferred tax	43	43
HBA allowances claimed	(26)	(38)
Non-qualifying depreciation	14	11
Impairment of freehold property	1,502	-
	<hr/>	<hr/>
Total current tax charge (see above)	341	336
	<hr/>	<hr/>

**Notes** (continued)**7 Tangible fixed assets**

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At beginning of year	18,224	2,269	20,493
Transfers	(21)	-	(21)
Deficit on revaluation	(9,692)	(1,886)	(11,578)
	<hr/>	<hr/>	<hr/>
At end of year	8,511	383	8,894
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	(93)	(465)	(558)
Charge for year	(53)	(152)	(205)
Transfers	21	-	21
Depreciation written back on revaluation			
	125	617	742
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 3 January 2010	8,511	383	8,894
	<hr/>	<hr/>	<hr/>
At 28 December 2008	18,131	1,804	19,935
	<hr/>	<hr/>	<hr/>

The company's freehold properties were independently valued by CJ Day, MRICS of Christie & Co in July 2010. The valuation was prepared on the basis of market value in accordance with the Valuation Standards (6<sup>th</sup> Edition) published by the Royal Institution of Chartered Surveyors. Christie & Co have confirmed that there would have been no material difference in value between July 2010 and 3 January 2010. This valuation has accordingly been used by the directors in these financial statements.

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

	3 January 2010 £'000	28 December 2008 £'000
Historical cost	12,731	12,731
	<hr/>	<hr/>
Historical net book value	8,512	12,643
	<hr/>	<hr/>

**8 Debtors**

	3 January 2010 £'000	28 December 2008 £'000
Amounts due from group undertakings	4,976	3,610
	<hr/>	<hr/>

**Notes (continued)****9 Creditors: amounts falling due within one year**

	3 January 2010 £'000	28 December 2008 £'000
Amounts due to group undertakings	1,170	775

**10 Deferred tax**

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

	3 January 2010		28 December 2008	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	-	(173)	-	(130)
On revaluation of land and buildings	-	-	-	3,020
Deferred tax (asset)/liability	-	(173)	-	2,890

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

**11 Called up share capital**

	3 January 2010 £000	28 December 2008 £000
<b>Authorised</b>		
25,000,000 ordinary shares of £1 each	25,000	25,000
<b>Allotted, called up and fully paid</b>		
15,000,001 ordinary shares of £1 each	15,000	15,000

**12 Reserves**

The reserves of the company are as follows

	Revaluation reserve £'000	Profit & loss account £'000	Total £'000
At beginning of year	5,488	2,282	7,770
Loss for the year	-	(4,598)	(4,598)
Transfer in respect of depreciation provided on revaluation surplus	(16)	16	-
Revaluation of freehold property in the year	(5,472)	-	(5,472)
At end of year	-	(2,300)	(2,300)

**Notes** *(continued)***13 Reconciliation of movements in shareholders' funds**

	Year ended 3 January 2010 £'000	Year ended 28 December 2008 £'000
Opening shareholders' funds	22,770	17,487
(Loss)/Profit for the year	(4,598)	787
Unrealised (deficit)/surplus on revaluation of freehold property	(5,472)	4,496
<b>Closing shareholders' funds</b>	<b>12,700</b>	<b>22,770</b>

**14 Ultimate controlling party**

The entire issued share capital of the company is owned by MH Freeholds 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.

**15 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.