

**Marston Crewe Hall Limited**  
**Directors' report and financial**  
**statements**  
**Registered number 5600743**  
**3 January 2016**

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## **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 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

### **Solicitors**

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

## Strategic report

### Principal activities

The company's principal activity is that of a property investment company. The property is a four star hotel trading within the UK provincial hotel market and it is leased out to a fellow subsidiary undertaking of the QHotels group.

### Business model

With the significant value held within fixed assets there is a requirement for the company to have access to significant sources of long-term funds. These are provided by the Devonshire Point group through a combination of cash and equity funds. The company has used bank loans inter-group borrowings and shareholder equity as sources of funds.

### Business review and results

The trading performance of the company is set out in the profit and loss account within these financial statements.

The balance sheet of the company sets out the financial position of the company at the year end and note 1 sets out the financial support provided by the group. The directors are satisfied that this position is satisfactory for the foreseeable future.

### Going concern

Note 1 provides a detailed narrative as to the directors' considerations of the going concern of the company.

On the basis of their assessment of the company's financial position, and enquiries made of the directors of Devonshire Point Group Limited, its ultimate UK parent, 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.

### Key performance indicators

The profit and loss account and balance sheet show the KPIs of the business, namely the level of profitability of the company and the value of its freehold property.

### Principal risks and uncertainties

#### *Financing and interest rates*

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

Interest rates on loans to and from group undertakings are set by the directors of the parent company and ultimately are a function of the financing arrangements of the group. The company does not trade in financial instruments and has no other form of derivatives.

#### *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.

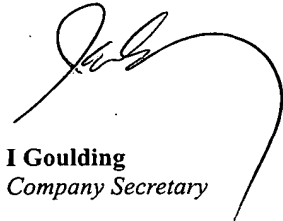
## Strategic report *(continued)*

### Future developments and subsequent events

The directors note that there has been a continued improvement in the UK provincial hotel market in 2015. Trading in the early part of 2016 suggests that this improvement will continue in the medium term, despite the uncertainty in the UK economy, largely around possible Brexit. Profitability of the business is also set to continue to improve following the anticipated improvement in revenues and as well as enjoying a full year of cost savings flowing from the central procurement review. This growth will be partially offset by the additional cost burden arising from the introduction of the National Living Wage from 1 April 2016.

As stated in notes 14 and 15, with effect from 18 April 2016 the company became a guarantor to a £340,000,000 co-borrower bank facility between Stratton Point 1 Limited and Devonshire Point Limited, a related party. The facility is secured by fixed and floating charges over the company's assets, together with the assets of Devonshire Point Limited, Stratton Point 1 Limited and their respective subsidiary undertakings.

By order of the board



**I Goulding**  
*Company Secretary*

17 June 2016

Wellington House  
Cliffe Park  
Bruntcliffe Road  
Morley  
Leeds  
LS1 4BY

## Directors' report

The directors present their directors' report and the financial statements for the 53 week year ended 3 January 2016 (*2014: 52 weeks ended 28 December 2014*). 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.

### 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 financial year and at the date of this report.

### Dividends

The directors do not recommend the payment of a dividend (*2014: £nil*).

### Charitable and political donations

Donations made by the company during the year for charitable purposes amount to £nil (*2014: £nil*). No contributions were made by the company for political purposes (*2014: £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

17 June 2016

Wellington House  
Cliffe Park  
Bruntcliffe Road  
Morley  
Leeds  
LS1 4BY

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 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 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
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 3 January 2016 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 5, 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](http://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 3 January 2016 and of its 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

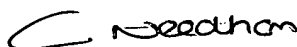


## **Independent auditor's report to the members of Marston Crewe Hall Limited** *(continued)*

### **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.



**Claire Needham (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

23 June 2016

**Profit and loss account**  
 for the 53 week year ended 3 January 2016

	<i>Note</i>	<b>Year ended 3 January 2016 £'000</b>	<b>Year ended 28 December 2014 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>930</b>	<b>930</b>
Cost of sales		-	-
<b>Gross profit</b>		<b>930</b>	<b>930</b>
Administrative expenses		(666)	(621)
Revaluation of investment property		1,282	3,125
<b>Operating profit</b>		<b>1,546</b>	<b>3,434</b>
Interest receivable and similar income	3	430	365
Interest payable and similar charges	4	(352)	(324)
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>1,624</b>	<b>3,475</b>
Tax on profit on ordinary activities	6	(79)	(196)
<b>Profit for the financial year</b>		<b>1,545</b>	<b>3,279</b>

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

The company has no recognised gains and losses other than the profit above and therefore no separate statement of comprehensive income has been presented.

Notes on pages 11 to 17 form an integral part of the financial statements.

**Balance sheet**  
*as at 3 January 2016*

	<i>Note</i>	<b>As at 3 January 2016 £'000</b>	<b>As at 28 December 2014 £'000</b>
<b>Fixed assets</b>			
Investment property	7	20,400	19,499
<b>Current assets</b>			
Debtors	8	6,890	5,815
<b>Creditors: amounts falling due within one year</b>	9	(5,578)	(5,147)
<b>Net current assets</b>		<u>1,312</u>	<u>668</u>
<b>Total assets less current liabilities</b>		<u>21,712</u>	<u>20,167</u>
<b>Net assets</b>		<u>21,712</u>	<u>20,167</u>
<b>Capital and reserves</b>			
Called up share capital	11	18,000	18,000
Profit and loss account		3,712	2,167
<b>Total equity shareholders' funds</b>		<u>21,712</u>	<u>20,167</u>

Notes on pages 11 to 17 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 17 June 2016 and were signed on its behalf by:

**I Goulding**  
 Finance Director



**Statement of changes in equity**  
*for the year ended 3 January 2016*

	Called up share capital £'000	Profit & loss account £'000	Total equity £'000
<b>Balance at 30 December 2013</b>	<u>18,000</u>	<u>(1,112)</u>	<u>16,888</u>
<b>Total comprehensive income for the period</b>			
Profit	-	3,279	3,279
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>3,279</u>	<u>3,279</u>
<b>Balance at 28 December 2014</b>	<u>18,000</u>	<u>2,167</u>	<u>20,167</u>

	Called up share capital £'000	Profit & loss account £'000	Total equity £'000
<b>Balance at 28 December 2014</b>	<u>18,000</u>	<u>2,167</u>	<u>20,167</u>
<b>Total comprehensive income for the period</b>			
Profit	-	1,545	1,545
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>1,545</u>	<u>1,545</u>
<b>Balance at 3 January 2016</b>	<u>18,000</u>	<u>3,712</u>	<u>21,712</u>

There were no transactions with owners in the current or prior years.

Notes on pages 11 to 17 form an integral part of the financial statements

## Notes

*forming part of the financial statements*

### 1 Accounting policies

Marston Crewe Hall Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

An explanation of how the transition to FRS 102 has affected the financial position and performance of the company is provided in note 16.

The Company's ultimate parent undertaking, Devonshire Point Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Devonshire Point Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures;

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- No separate parent company Cash Flow Statement with related notes; and
- Key Management personnel compensation .

The company proposes to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Basis of preparation***

The financial statements have been prepared for the 53 weeks ended 3 January 2016 (*2014: 52 weeks ended 28 December 2014*). 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.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value; investment property.

#### ***Significant judgements and estimates***

Other than determining the fair value of the investment property, discussed in note 7 and 16 there are no other key judgements made within the financial statements.

#### ***Going concern***

The company participates in centralised treasury arrangements of Devonshire Point Limited, and fellow subsidiary undertakings. Further, the company is party to Devonshire Point Group Limited's external bank loan facilities and the company's assets are secured under this bank facility. The directors have assessed the responses of directors of Devonshire Point Group Limited, the ultimate UK parent of the group, to their enquiries with regard to the wider group's cash forecasts on both a base case as well as realistic downside scenarios.

Devonshire Point 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.

On the basis of the above, 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.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Investment property***

Investment properties are properties which are held either to earn rental income or for capital appreciation, or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

#### ***Turnover***

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

#### ***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### ***Interest-bearing borrowings classified as basic financial instruments***

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### ***Interest receivable and Interest payable***

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Provisions

Where the Company enters into financial guarantee contract to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

### 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 2016 £'000	Year ended 28 December 2014 £'000
Interest receivable from group undertakings	430	365

### 4 Interest payable and other charges

	Year ended 3 January 2016 £'000	Year ended 28 December 2014 £'000
Interest payable to group undertakings	352	324

## Notes (continued)

### 5 Expenses and auditor's remuneration

	Year ended 3 January 2016 £'000	Year ended 28 December 2014 £'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Property rent receivable	(930)	(930)
Investment property revaluation	(1,282)	(3,125)

The audit fee for the company for the current and prior year was borne by QHotels Services Limited, a fellow subsidiary, an estimate of the audit fee relating to this company is £1,000 (2014: £1,000). The company paid no other fees to the auditors for other services (2014: £nil).

### 6 Tax on profit on ordinary activities

	Year ended 3 January 2016 £'000	Year ended 28 December 2014 £'000
<b>Current tax</b>		
Group relief	78	196
Adjustments in respect of prior periods	1	-
<b>Total current tax</b>	<b>79</b>	<b>196</b>
<b>Total tax</b>	<b>79</b>	<b>196</b>

	Year ended 3 January 2016			Year ended 28 December 2014		
	£'000	£'000	£'000	£'000	£'000	£'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	79	-	79	196	-	196
<b>Total tax</b>	<b>79</b>	<b>-</b>	<b>79</b>	<b>196</b>	<b>-</b>	<b>196</b>



## Notes (continued)

### 6 Tax on profit on ordinary activities (continued)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

The current tax charge for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK 20.25% (2014: 21.50%). The differences are explained below:

	Year ended 3 January 2016 £'000	Year ended 28 December 2014 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,624	3,475
Current tax charge at 20.25% (2014: 21.50%)	329	747
<i>Effects of:</i>		
Non qualifying reversal of fixed asset impairment	(260)	(672)
Non qualifying depreciation	49	46
Short term timing differences	(40)	75
Adjustment in respect of prior periods	1	-
Total current tax charge (see above)	79	196

### 7 Investment property

	3 January 2016 £'000	28 December 2014 £'000
Net book value at 29 December 2014	19,499	16,748
Additions	285	246
Disposals	-	-
Depreciation	(666)	(621)
Net gain from fair value adjustments	1,282	3,126
Net book value at 3 January 2016	20,400	19,499

The group's freehold and leasehold properties were independently valued by Jane Lees, MRICS and Robert Chess, FRICS of CBRE in April 2016. The valuation was prepared in accordance with the RICS Valuation – Professional Standards January 2014 ("the Red Book") published by the Royal Institution of Chartered Surveyors. The directors consider that the carrying value materially represents the market value at 3 January 2016.

## Notes (continued)

### 8 Debtors

	3 January 2016	28 December 2014
	£'000	£'000
Amounts due from group undertakings	<u>6,890</u>	<u>5,815</u>

The loans due from group undertakings are repayable on demand and attract interest at 7%.

### 9 Creditors: amounts falling due within one year

	3 January 2016	28 December 2014
	£'000	£'000
Amounts due to group undertakings	<u>5,578</u>	<u>5,147</u>

The loans due to group undertakings are repayable on demand and attract interest at 7.0%.

### 10 Deferred tax

The company has unrecognised gross tax losses and excesses of capital allowances over depreciation of £851,000.

### 11 Called up share capital

	3 January 2016	28 December 2014
	£'000	£'000
Authorised, allotted, called up and fully paid 18,000,001 ordinary shares of £1 each	<u>18,000</u>	<u>18,000</u>

### 12 Capital commitments

	3 January 2016	28 December 2014
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>34</u>	<u>123</u>

### 13 Ultimate controlling party

The immediate controlling party is MH Freeholds Limited, a company incorporated in England. The ultimate controlling party is Devonshire Point Investment S.a.r.l, a company incorporated in Luxembourg whose registered office is 4, rue Lou Hemmer, L-1748 Findel.

### 14 Contingent liabilities

As at 31 July 2015 the company was a guarantor in Devonshire Point Limited's bank loan borrowing, whereby those borrowings were secured by fixed and floating charges over the company's assets.

As stated in note 15, with effect from 18 April 2016 the company became a guarantor to a co-borrower bank facility between Devonshire Point Limited and Stratton Point 1 Limited, a related party. The facility is secured by fixed and floating charges over the company's assets, together with the assets of Devonshire Point Limited, Stratton Point 1 Limited and their respective subsidiary undertakings.

## Notes (continued)

### 15 Post balance sheet events

On 18 April 2016 the Devonshire Point group reorganised its debt finances, entering into a £340,000,000 co-borrower arrangement with the Stratton Point group, a related party group. The company became a guarantor under the facility and its assets were provided as security to the facility.

### 16 Explanation of transition to FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 3 January 2016 and the comparative information presented in these financial statements for the year ended 28 December 2014.

In preparing its FRS 102 balance sheet, the company has adjusted amounts previously reported in financial statements prepared in accordance with its old basis of accounting. An explanation of how the transition to FRS 102 has affected the Company's financial position and performance is set out in the following tables and notes that accompany the tables.

#### Reconciliation of equity

	Note	29 December 2014 £'000
<b>Capital and reserves (as previously stated)</b>		<b>20,167</b>
Tangible fixed assets	a	(19,499)
Investment property	a	19,499
<b>Capital and reserves (as restated)</b>		<b>20,167</b>

#### Notes to the reconciliations

##### a) Hotel property classification

Marston Crewe Hall Limited was not previously required to recognise tangible assets as investment property, due to lease of the Hotel property within the Devonshire Point Group and as such assets were recognised and subsequently measured under the provisions of tangible fixed assets. Under FRS 102, this treatment is not permitted and as such all assets held to earn rentals, including rentals from Group entities, are recognised as Investment properties. As a result the Hotel property becomes investment property, measured at fair value, with changes in fair value recognised in profit or loss.