

Marston Centrecourt Limited
Directors' report and financial
statements

Registered number 5600708

1 January 2012

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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 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
10 Old Jewry
London
EC2R 8DN

Directors' report

The directors present their directors' report and the financial statements for the 52 week year ended 1 January 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 1 January 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 16, 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 It has been replaced by a new intermediate parent company, QHotels Holdings Limited, which acquired the entire issued share capital of each of the subsidiaries of QHotels Group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 (2010 £nil)

Directors' report *(continued)*

Directors and directors' interests

The directors of the company who served during the year were

Michael Purtill
Ian Goulding
David Taylor (resigned 18 July 2011)

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 (2010 £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

31 January 2013

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 auditor's report to the members of Marston Centrecourt Limited

We have audited the financial statements of Marston Centrecourt Limited for the year ended 1 January 2012 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 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 (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 website at www.frc.org.uk/apb/scope/private.cfm.

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 1 January 2012 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 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 Centrecourt 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

31 January 2013

Profit and loss account

for the 52 week year ended 1 January 2012

	Note	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Turnover	2	620	725
Cost of sales		-	-
Gross profit		620	725
Administrative expenses		(124)	(124)
Operating profit		496	601
Interest receivable and similar income	3	645	256
Interest payable and similar charges	4	(141)	(30)
Profit on ordinary activities before taxation	5	1,000	827
Tax on profit on ordinary activities	6	(332)	(194)
Profit for the financial year	12	668	633

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

Note of historical cost profits and losses

for the 52 week year ended 1 January 2012

	Note	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Reported profit on ordinary activities before taxation		1,000	827
Difference between historical cost depreciation and the actual depreciation for the year calculated on revalued amounts	12	1	1
Historical cost profit on ordinary activities before taxation		1,001	828
Historical cost profit for the year retained after taxation		669	634

Statement of total recognised gains and losses

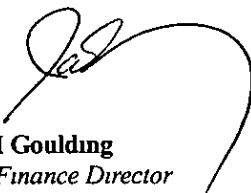
for the 52 week year ended 1 January 2012

	Note	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Profit for the financial year	12	668	633
Unrealised surplus on revaluation of freehold property	12	958	-
Total recognised gains and losses in year		1,626	633

Balance sheet
as at 1 January 2012

	<i>Note</i>	As at 1 January 2012 £'000	As at 2 January 2011 £'000
Fixed assets			
Tangible assets	7	11,006	10,173
Current assets			
Debtors	8	11,503	4,277
Creditors amounts falling due within one year	9	(3,089)	(656)
Net current assets		8,414	3,621
Total assets less current liabilities		19,420	13,794
Net assets		19,420	13,794
Capital and reserves			
Called up share capital	11	14,500	10,500
Revaluation reserve	12	1,236	279
Profit and loss account	12	3,684	3,015
Total equity shareholders' funds	13	19,420	13,794

The financial statements were approved by the board of directors on 31 January 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 1 January 2012 (*2010 52 weeks ended 2 January 2011*) 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 16, 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, which excludes value added tax 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

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 1 January 2012 £'000	Year ended 2 January 2011 £'000
Interest receivable from group undertakings	645	256

4 Interest payable and similar charges

	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Interest payable to group takings	141	30

5 Profit on ordinary activities before taxation

	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation charge for the year	124	124
Property rent receivable	(620)	(725)

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 (2010 £nil)

The directors received no remuneration in respect of the year ended 1 January 2012 (2010 £nil)

Notes *(continued)*

6 Tax on profit on ordinary activities

	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Current year		
Group relief	292	194
Prior year		
Group relief	40	-
Tax charge for the year	332	194

The current tax charge for the year is higher *(2010 lower)* than the standard rate of corporation tax in the UK of 26.5% *(2010 28%)*. The differences are explained below

	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,000	827
Current tax charge at 26.5% <i>(2010 28%)</i>	265	231
<i>Effects of</i>		
Unprovided deferred tax	24	(14)
HBA allowances claimed	(6)	(33)
Non-qualifying depreciation	9	10
Total current tax charge (see above)	292	194

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At beginning of year	9,383	1,290	10,673
Revaluation	894	-	894
End of year	10,277	1,290	11,567
<i>Depreciation</i>			
At beginning of year	(32)	(469)	(501)
Charge for year	(32)	(92)	(124)
Depreciation written back on revaluation	64	-	64
At end of year	-	(561)	(561)
<i>Net book value</i>			
At 1 January 2012	10,277	729	11,006
At 2 January 2011	9,352	821	10,173

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 valuation materially represents the market value at 1 January 2012.

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

	1 January 2012 £'000	2 January 2011 £'000
Historical cost	9,210	9,210
Historical net book value	9,041	9,073

8 Debtors

	1 January 2012 £'000	2 January 2011 £'000
Amounts due from group undertakings	11,503	4,277

9 Creditors: amount falling due within one year

	1 January 2012 £'000	2 January 2011 £'000
Amounts due to group undertakings	3,089	656

Notes (continued)

10 Deferred tax asset

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

	1 January 2012		2 January 2011	
	Provided	Unprovided asset	Provided	Unprovided asset
	£'000	£'000	£'000	£'000
Difference between accumulated depreciation and capital allowances	-	137	-	88

The deferred tax asset has not been provided for on the grounds of the uncertainty of when it may be able to be utilised

11 Called up share capital

	1 January 2012 £000	2 January 2011 £000
Allotted, called up and fully paid		
14,500,001 (2010 10,500,001) ordinary shares of £1 each	14,500	10,500

During the year the company issued 4,000,000 £1 ordinary shares at par to strengthen the company's balance sheet

12 Reserves

The reserves of the company are as follows

	Revaluation reserve £'000	Profit & loss account £'000	Total £'000
At beginning of year	279	3,015	3,294
Profit for the year	-	668	668
Unrealised surplus on revaluation of freehold property	958	-	958
Transfer in respect of depreciation provided on revaluation surplus	(1)	1	-
At end of year	1,236	3,684	4,920

13 Reconciliation of movements in shareholders' funds

	Year ended 1 January 2012 £'000	Year ended 2 January 2011 £'000
Opening shareholders' funds	13,794	13,161
Profit for the year	668	633
Unrealised surplus on revaluation of freehold property	958	-
Issue of ordinary share capital	4,000	-
Closing shareholders' funds	19,420	13,794

Notes (continued)

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. Until 24 December 2012, the ultimate controlling party of QHotels Group Limited was Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited. As referred to in the post balance sheet events note from that date the ultimate controlling parties of QHotels Group Limited are Michael Purtill and Ian Goulding in conjunction with David Chubb and Michael Jervis of PricewaterhouseCoopers LLP as the joint administrators.

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.

16 Post balance sheet events

On 24 December 2012 Michael Purtill and Ian Goulding each acquired, for £1 each, 50% of the entire shareholding of 4,031,772 shares Alchemy Partners Nominees Limited had in QHotels Group Limited. On the same date Michael Purtill and Ian Goulding each acquired, for £3 each, 50% of the entire holding Alchemy Partners Nominees Limited had in QHotels Limited's £5,424,733 Secured Loan Notes, £6,823,700 PIK Loan Notes and £11,751,567 Discounted Secured Loan Notes. On the same date the security over all of these loan notes was discharged.

On 16 January 2013 the group concluded renegotiating certain terms and conditions of its facility agreement with Irish Bank Resolution Corporation (IBRC), the amended agreement was signed on that date. The key changes in the facility agreement are that the loan term was extended until 30 November 2015 and new loan repayments were set with reference to the group's anticipated cash flows.

Conditional on the signing of the amended facility agreement was IBRC's requirement to appoint an administrator to QHotels Group Limited, the ultimate parent company, all other subsidiary companies were unaffected. David Chubb and Michael Jervis, of PWC, were appointed administrators of QHotels Group Limited on the same date as the amended facility agreement was signed.

Immediately prior to the appointment of David Chubb and Michael Jervis, QHotels Holdings Limited, incorporated on 11 January 2013 and a wholly owned subsidiary of QHotels Group Limited, acquired the entire issued share capital of each of the direct subsidiaries of QHotels Group Limited, namely, QHotels Limited, QHotels Services Limited, QHotels Investments Limited and QHotels Packages Limited for £1 each.