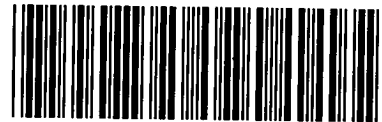


Marston Centrecourt Limited
Directors' report and financial
statements
Registered number 5600708
28 December 2014

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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

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

The company is part of the QHotels group of companies, a UK provincial hotel group, and its property is managed by the directors and senior managers of both the group and the company. The company monitors the performance of hotel in order to access the viability or otherwise of the tenant to pay the rents that are due to the company.

The management of all aspects of the business is retained and driven by the directors.

With the significant value held within the freehold property there is a requirement for the company to have access to significant sources of funds. This is provided by the QHotels group through a combination of shareholder equity from the immediate holding company and loans from other group undertakings.

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 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

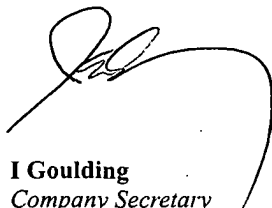
The company's key asset is its interest in freehold property and as such mitigates the risk of damage or destruction of that asset by putting in place appropriate insurance cover. The cover is provided on a group-wide basis and provides for full reinstatement value of the property and loss of gross profits for a period of three years.

Strategic report *(continued)*

Future developments

The directors have noted that there has been an overall improvement in the UK provincial hotel market in 2014. Trading in the early part of 2015, together with the views of professional commentators suggests that this improvement will continue in the medium term, which in turn, should lead to an improvement in operational profitability in the year to come.

By order of the board



I Goulding
Company Secretary

15 May 2015

Directors' report

The directors present their directors' report and the financial statements for the 52 week year ended 28 December 2014.

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 (2013: *£nil*).

Charitable and political donations

Donations made by the company during the year for charitable purposes amount to *£nil* (2013: *£nil*). No contributions were made by the company for political purposes (2013: *£nil*).

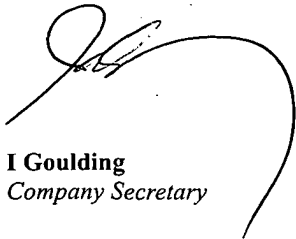
Disclosure of information to auditor

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

15 May 2015

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).

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 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 28 December 2014 set out on pages 8 to 16. 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 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

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 28 December 2014 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.

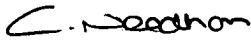
Independent auditor's report to the members of Marston Centrecourt Limited

(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.



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

15 May 2015

Profit and loss account

for the 52 week year ended 28 December 2014

	Note	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
Turnover	2	620	620
Cost of sales		-	-
Gross profit		620	620
Administrative expenses		(375)	(372)
Operating profit		245	248
Interest receivable and similar income	3	611	521
Interest payable and similar charges	4	-	(154)
Profit on ordinary activities before taxation	5	856	615
Tax on profit on ordinary activities	6	(261)	(288)
Profit for the financial year	12	595	327

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

Notes on pages 11 to 16 form an integral part of the financial statements.

Statement of total recognised gains and losses
for the 52 week year ended 28 December 2014

	<i>Note</i>	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
Profit for the year	<i>12</i>	595	327
Unrealised surplus on revaluation of freehold property	<i>12</i>	5,025	-
Total recognised gains and losses for the year		5,620	327

Note of historical cost profits and losses
for the 52 week year ended 28 December 2014

	<i>Note</i>	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
Reported profit on ordinary activities before taxation		856	615
Difference between historical cost depreciation and the actual depreciation charge for the year calculated on revalued amounts	<i>12</i>	4	5
Historical cost profit on ordinary activities before taxation		860	620
Historical cost profit for the year retained after taxation		599	332

Notes on pages 11 to 16 form an integral part of the financial statements.

Balance sheet

as at 29 December 2013

	<i>Note</i>	As at 28 December 2014 £'000	As at 29 December 2013 £'000
Fixed assets			
Tangible assets	7	16,886	11,998
Current assets			
Debtors	8	9,244	8,511
Creditors: amounts falling due within one year	9	(64)	(63)
Net current assets		<u>9,180</u>	<u>8,448</u>
Total assets less current liabilities		<u>26,066</u>	<u>20,446</u>
Net assets		<u>26,066</u>	<u>20,446</u>
Capital and reserves			
Called up share capital	11	14,500	14,500
Revaluation reserve	12	6,247	1,226
Profit and loss account	12	5,319	4,720
Total equity shareholders' funds	13	<u>26,066</u>	<u>20,446</u>

Notes on pages 11 to 16 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 15 May 2015 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 28 December 2014 (*2013: 52 weeks ended 29 December 2013*). 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 centralised treasury arrangements of its intermediate parent company, Devonshire Point Limited, and fellow subsidiary undertakings. Further, the company is party to Devonshire Point 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.

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 Holdings Limited and being included in the consolidated financial statements of QHotels Holdings Limited, an intermediate parent company.

Tangible assets

A policy of revaluation exists for freehold and long leasehold land and buildings. Valuations are performed by external valuation specialists. Revaluation gains are recognised in the profit and loss account to the extent, after adjusting for subsequent depreciation, that they reverse revaluation losses on the same asset that were recognised in the profit and loss account. All other gains are recognised in the revaluation reserve. Revaluation losses that are caused by consumption of economic benefits are charged to the profit and loss account. Other revaluation losses firstly reverse any gain recognised in the revaluation reserve in respect of the asset with any excess charged to the profit and loss account.

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	-	5 to 20 years

Turnover

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

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit or loss for the period 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 28 December 2014 £'000	Year ended 29 December 2013 £'000
Interest receivable from group undertakings	611	521

4 Interest payable and other charges

	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
Interest payable to group undertakings	-	154

5 Profit on ordinary activities before taxation

	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
<i>Profit on ordinary activities before taxation is stated after charging/crediting:</i>		
Depreciation charge for the year		
Tangible fixed assets - owned	339	336
Tangible fixed assets - under finance lease	36	36
Property rent receivable	(620)	(620)

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 (2013: £1,000). The company paid no other fees to the auditors for other services (2013: £nil).

Notes (continued)

6 Tax on profit on ordinary activities

	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
Current year		
Group relief	260	225
Prior year		
Group relief	1	63
Tax charge	261	288

Reductions in the UK corporate tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The current tax charge for the year is higher than (2013: *higher than*) the standard rate of corporation tax in the UK 21.50% (2013: 23.25%). The differences are explained below:

	Year ended 28 December 2014 £'000	Year ended 29 December 2013 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	856	615
Current tax charge at 21.50% (2013: 23.25%)	184	143
<i>Effects of:</i>		
Non-qualifying depreciation	20	20
Difference between capital allowances and depreciation in the period	56	62
Total current tax charge (see above)	260	225

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation				
At beginning of year	11,213	2,795	-	14,008
Additions	12	162	64	238
Disposals	-	(19)	-	(19)
Revaluation	4,450	-	-	4,450
At end of year	15,675	2,938	64	18,677
Depreciation				
At beginning of year	(494)	(1,516)	-	(2,010)
Charge for year	(99)	(276)	-	(375)
Revaluation	575	-	-	575
On disposals	-	19	-	19
At end of year	(18)	(1,773)	-	(1,791)
Net book value				
At 28 December 2014	15,657	1,165	64	16,886
At 29 December 2013	10,719	1,279	-	11,998

The group's freehold and leasehold properties were independently valued by Jane Lees, MRICS and Julia Kneist, MRICS, CIS HypZert (F) of CBRE in October 2014. The valuation was prepared on the basis of market value in accordance with the RICS Valuation – Professional Standards ("the Red Book") published by the Royal Institution of Chartered Surveyors.

The net book value of tangible fixed assets includes an amount of £78,000 (2013: £114,000) of assets held under finance leases. The depreciation charge in respect of these assets was £36,000 (2013: £36,000).

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

	Historical cost		Historical net book value	
	28 December 2014 £'000	29 December 2013 £'000	28 December 2014 £'000	29 December 2013 £'000
Freehold property	9,373	9,937	9,410	9,493
Plant and machinery	2,937	2,795	1,164	1,279
Historical net book value	12,310	12,732	10,574	10,772

8 Debtors

	28 December 2014 £'000	29 December 2013 £'000
Amounts due from group undertakings	9,244	8,511

Notes (continued)

9 Creditors: amounts falling due within one year

	28 December 2014	29 December 2013
	£'000	£'000
Amounts due to group undertakings	<u>64</u>	<u>63</u>

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

10 Deferred tax asset

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

	28 December 2014		29 December 2013	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Difference between accumulated depreciation and capital allowances	-	400	-	370
Deferred tax asset	<u>-</u>	<u>400</u>	<u>-</u>	<u>370</u>

No provision has been made in respect of the unrealised property revaluation surplus as it is not the directors' current intention to dispose of the related property. 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

	28 December 2014	29 December 2013
	£'000	£'000
Authorised, allotted, called up and fully paid		
14,500,001 ordinary shares of £1 each	<u>14,500</u>	<u>14,500</u>

12 Reserves

	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000
At beginning of year	1,226	4,720	5,946
Profit for the year	-	595	595
Transfer in respect of depreciation provided on revaluation surplus	(4)	4	-
Revaluation of freehold property in the year	5,025	-	5,025
At end of year	<u>6,247</u>	<u>5,319</u>	<u>11,566</u>

Notes (continued)

13 Reconciliation of movements in shareholders' funds

	28 December 2014	29 December 2013
	£'000	£'000
Opening shareholders' funds	20,446	20,119
Profit for the year	595	327
Unrealised surplus on revaluation of freehold property	5,025	-
Closing shareholders' funds	26,066	20,446

14 Capital commitments

	28 December 2014	29 December 2013
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	15	33

15 Ultimate controlling party

The immediate controlling party is MH Freeholds Limited, a company incorporated in England. Up to 7 May 2014 the company's ultimate parent company was QHotels Group Limited (in administration). The ultimate controlling parties were David Chubb and Michael Jervis of PricewaterhouseCoopers LLP as the joint administrators of QHotels Group Limited (in administration).

From 7 May 2014 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.

16 Contingent liabilities

The company is party to Devonshire Point Limited's external bank loan facility of £200,000,000 with Blackstone Real Estate Debt Strategies. All the group's assets have been secured under this bank loan facility.