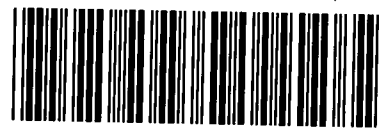


**Marston Tankersley Manor Limited**  
**Directors' report and financial**  
**statements**

Registered number: 5600706  
29 December 2013

WEDNESDAY



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## **Directors and advisors**

### **Executive directors**

Michael Purtill FCA  
Ian Goulding BSc ACA

Managing Director  
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**

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.

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.

### **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.

## **Strategic report** *(continued)*

### **Principal risks and uncertainties** *(continued)*

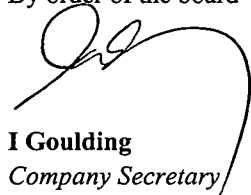
#### *Property insurance and consequential loss*

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.

### **Future developments**

The directors are aware that IBRC, the lender of the group's bank loan at the year end, and its Special Liquidator have undertaken a process with a view to selling the loan to a third party. The directors have been informed that a sale of the bank loan to Sankaty Advisors was concluded on 25 March 2014. The directors of the parent company understand that Sankaty Advisors have a desire to restructure the group's finances and intend to enter into discussions with Sankaty Advisors with a view to agreeing a mutually satisfactory restructuring of the group's finances.

By order of the board



**I Goulding**  
*Company Secretary*

28 March 2014

## Directors' report

The directors present their directors' report and the financial statements for the 52 week year ended 29 December 2013.

### Dividends

The directors do not recommend the payment of a dividend (2012: *£nil*).

### Directors and directors' interests

The directors of the company who served during the year were:

Michael Purtil  
Ian Goulding

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

### Charitable and political donations

No contributions were made by the company for either charitable or political purposes (2012: *£nil*).

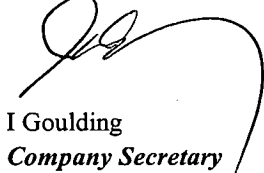
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

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

By order of the board



I Goulding  
*Company Secretary*

28 March 2014

## **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 Tankersley Manor Limited**

We have audited the financial statements of Marston Tankersley Manor Limited for the year ended 29 December 2013 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 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 29 December 2013 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.

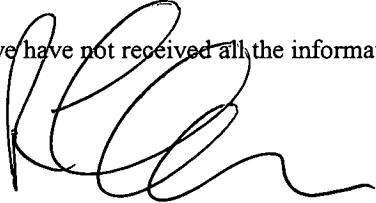


**Independent auditor's report to the members of Marston Tankersley Manor Limited** *(continued)*

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

28 March 2014

## Profit and loss account

for the 52 week year ended 29 December 2013

	<i>Note</i>	<b>Year ended 29 December 2013 £'000</b>	<b>Year ended 30 December 2012 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>720</b>	<b>720</b>
Cost of sales		-	-
<b>Gross profit</b>		<b>720</b>	<b>720</b>
Administrative expenses		(171)	(61)
<b>Operating profit</b>		<b>549</b>	<b>659</b>
Interest receivable and similar income	3	630	598
Interest payable and similar charges	4	(162)	(144)
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>1,017</b>	<b>1,113</b>
Tax on profit on ordinary activities	6	(308)	(251)
<b>Profit for the financial year</b>	<b>12</b>	<b>709</b>	<b>862</b>

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

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

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

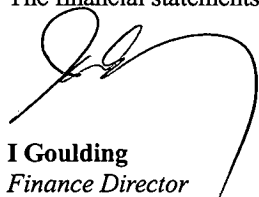
Notes on pages 10 to 15 form an integral part of the financial statements.

**Balance sheet**  
*as at 29 December 2013*

	<i>Note</i>	<b>As at 29 December 2013 £'000</b>	<b>As at 30 December 2012 £'000</b>
<b>Fixed assets</b>			
Tangible assets	7	6,994	7,019
<b>Current assets</b>			
Debtors	8	10,917	13,699
<b>Creditors: amounts falling due within one year</b>	9	(80)	(3,596)
<b>Net current assets</b>		10,837	10,103
<b>Total assets less net current liabilities</b>		17,831	17,122
<b>Net assets</b>		17,831	17,122
<b>Capital and reserves</b>			
Called up share capital	11	19,000	19,000
Profit and loss account	12	(1,169)	(1,878)
<b>Total equity shareholders' funds</b>	13	17,831	17,122

Notes on pages 10 to 15 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 28 March 2014 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 29 December 2013 (*2012: 52 weeks ended 30 December 2012*). The group adopts a variable reference date and the financial statements are prepared for a fiscal year to the Sunday closest to 31 December each year. The term "year" within the financial statements refers to the fiscal year as noted herein.

#### *Going concern*

On 16 January 2013 the company's ultimate parent company, QHotels Group Limited, was placed into administration, 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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *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	- between 5 and 20 years

#### *Turnover*

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

#### *Taxation*

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Segmental reporting

The company's turnover, 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 29 December 2013 £'000	Year ended 30 December 2012 £'000
Interest receivable from group undertakings	630	598

### 4 Interest payable and similar charges

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
Interest payable to group undertakings	162	144

## Notes (continued)

### 5 Profit on ordinary activities before taxation

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation charge for the year		
Tangible fixed assets owned	163	61
Tangible fixed assets leased	8	-
Property rent receivable	(720)	(720)
	<hr/>	<hr/>

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 (2012: £1,000). The company paid no other fees to the auditors for other services (2012: £nil).

The directors received no remuneration in respect of their services to this Company for the year ended 29 December 2013 (2012: £nil).

### 6 Tax on profit on ordinary activities

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
<b>Current year</b>		
Group relief	271	251
<b>Prior year</b>		
Group relief	37	-
	<hr/>	<hr/>
Tax charge for the year	308	251
	<hr/>	<hr/>

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 (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below.

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,017	1,113
	<hr/>	<hr/>
Current tax charge at 23.25% (2012: 24.5%)	236	272
	<hr/>	<hr/>
<i>Effects of:</i>		
Difference between capital allowances and depreciation in the period	17	(37)
Non-qualifying depreciation	18	16
	<hr/>	<hr/>
Total current tax charge (see above)	271	251
	<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	6,836	383	7,219
Additions	93	53	146
Transfers	(25)	25	-
At end of year	6,904	461	7,365
<b>Depreciation</b>			
At beginning of year	(117)	(83)	(200)
Charge for year	(81)	(90)	(171)
Transfers	1	(1)	-
At end of year	(197)	(174)	(371)
<b>Net book value</b>			
At 29 December 2013	6,707	287	6,994
At 30 December 2012	6,719	300	7,019

The group's freehold and leasehold 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 (8<sup>th</sup> Edition) published by the Royal Institution of Chartered Surveyors. The directors consider that the carrying value materially represents the market value at 29 December 2013.

The net book value of tangible fixed assets includes an amount of £8,000 (2012: £16,000) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £8,000 (2012: £nil).

### 8 Debtors

	29 December 2013 £'000	30 December 2012 £'000
Amounts due from group undertakings	10,917	13,699

## Notes (continued)

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

	29 December 2013 £'000	30 December 2012 £'000
Amounts due to group undertakings	80	3,596

The loans due to group undertakings are repayable on demand and attract interest at 4.5%.

### 10 Deferred tax asset

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

	29 December 2013		30 December 2012	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	-	185	-	81
<b>Deferred tax asset</b>	-	185	-	81

The deferred tax timing asset difference has not been provided because of the uncertainty of its reversal.

### 11 Called up share capital

	29 December 2013 £000	30 December 2012 £000
Allotted, called up and fully paid 19,000,001 ordinary shares of £1 each	19,000	19,000

### 12 Profit and loss account

	Profit and loss account £'000
At beginning of year	(1,878)
Profit for the year	709
At end of year	(1,169)



## Notes (continued)

### 13 Reconciliation of movements in shareholders' funds

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
Opening shareholders' funds	17,122	16,260
Profit for the year	709	862
	<hr/>	<hr/>
Closing shareholders' funds	17,831	17,122
	<hr/>	<hr/>

### 14 Capital commitments

	Year ended 29 December 2013 £'000	Year ended 30 December 2012 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts	63	49
	<hr/>	<hr/>

### 15 Ultimate controlling party

The entire issued 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 highest level at which a consolidation is prepared is that of QHotels Holdings Limited, the immediate subsidiary of QHotels Group Limited and an intermediate parent company of this entity. The Group accounts of QHotels Holdings 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. On 24<sup>th</sup> December 2012 Michael Purtill and Ian Goulding each acquired, for £1 each, 50% of the entire shareholdings of 4,031,772 shares Alchemy Partners Nominees Limited had in QHotels Group Limited. Until 16th January 2013 the ultimate controlling parties of QHotels Group Limited was Michael Purtill and Ian Goulding. From that date the ultimate controlling parties of QHotels Group Limited (in administration) are with David Chubb and Michael Jervis of PricewaterhouseCoopers LLP as the joint administrators. Michael Purtill and Ian Goulding remain directors and shareholder of QHotels Group Limited (in administration).

### 16 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.