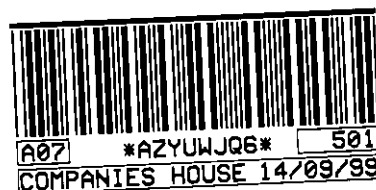


# O M Management Services Limited

## Report and Accounts

31 May 1999



# O M Management Services Limited

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Registered No. 2061041

## **DIRECTORS**

N G Bannister

M L Dalby

K C Rutherford

D A Billson

T Holland

H E Cornforth

A E Billson

D J Bowie (resigned 31 August 1998)

## **SECRETARY**

M L Dalby

## **AUDITORS**

Ernst & Young

Wessex House

19 Threefield Lane

Southampton

SO14 3QB

## **BANKERS**

Barclays Bank Plc

28 George Street

Luton

LU1 2AE

## **SOLICITORS**

Nabarro Nathanson

50 Stratton Street

London

W1X 6NX

## **REGISTERED OFFICE**

Queensway House

11 Queensway

New Milton

Hampshire

BH25 5NR

DIRECTORS' REPORT AND ACCOUNTS

The directors present their report and accounts for the year ended 31 May 1999.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £3,950 (1998: £5,758). An interim ordinary dividend of £Nil (1998: £59,046) was paid during the year. The directors do not recommend the payment of a final dividend (1998: £33,761).

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity during the year continued to be the management of residential and commercial property developments as agents to landlords, developers or resident controlled management companies. The directors view the forthcoming year's prospects with optimism.

**DIRECTORS AND THEIR INTERESTS**

The directors during the year, who are not also directors of the ultimate parent undertaking, and their interests in the share capital of Peverel Holdings Limited, were as follows:

	<i>"C" Ordinary 1p shares 31 May 1999</i>	<i>"C" Ordinary 1p shares 31 May 1998</i>
N G Bannister	100	100
M L Dalby	Nil	Nil
D A Billson	Nil	Nil
T Holland	Nil	Nil
H E Cornforth	Nil	Nil
A E Billson	Nil	Nil
D J Bowie (resigned 31 August 1998)	Nil	Nil

No director had an interest in the ordinary share capital of the company.

**YEAR 2000 COMPLIANCE**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

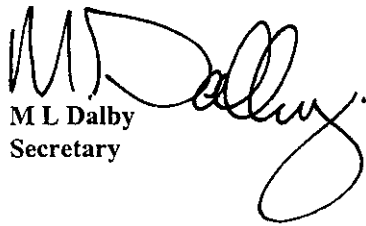
The company has completed its assessment of the risks to the business resulting from the change to the Year 2000, and we have implemented a number of modifications to our computer hardware and software in the normal course of business, all of which have been capitalised during the current financial year.

DIRECTORS' REPORT AND ACCOUNTS

**AUDITORS**

Chantrey Vellacott resigned as the company's auditors during the year and Ernst & Young were appointed by the directors to fill the casual vacancy arising. In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

  
M L Dalby  
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**

to the members of O M Management Services Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

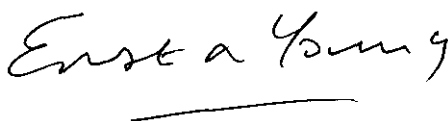
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 1999 of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Southampton

21 July 1999

# O M Management Services Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 May 1999

	<i>Notes</i>	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
TURNOVER	2	1,276,592	857,726
Administrative expenses		1,393,033	919,553
OPERATING LOSS	3	(116,441)	(61,827)
Interest receivable		122,644	76,155
Interest payable	4	(7,715)	(5,784)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,512)	8,544
Tax (credit)/charge on profit on ordinary activities	7	(5,462)	2,786
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,950	5,758
Dividends	8	-	92,807
RETAINED PROFIT/(LOSS) FOR THE YEAR	14	3,950	(87,049)

There are no recognised gains or losses other than the profit for the year as reported above. There is also no difference between the profit on ordinary activities before taxation and the retained loss for the financial year stated above, and their historical cost equivalents.

# O M Management Services Limited

## BALANCE SHEET

at 31 May 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	9	280,144	269,176
<b>CURRENT ASSETS</b>			
Debtors	10	519,506	285,234
Cash at bank and in hand		110,689	35,925
		630,195	321,159
<b>CREDITORS: amounts falling due within one year</b>	11	895,470	562,739
<b>NET CURRENT LIABILITIES</b>		(265,275)	(241,580)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,869	27,596
<b>CREDITORS: amounts falling due after more than one year</b>			
Obligations under finance leases and hire purchase contracts	12	10,819	27,496
		4,050	100
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Profit and loss account	14	3,950	-
<b>SHAREHOLDERS' FUNDS - equity interests</b>		4,050	100

These accounts were approved by the board of directors on 21/7/99 and were signed on its behalf by:



**N G Bannister**  
Chief Executive



NOTES TO THE ACCOUNTS

at 31 May 1999

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and with the requirements of the Companies Act 1985.

*Cash flow statement*

Under Financial Reporting Standard 1 (revised 1996) which the company has adopted in these accounts, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

*Related parties*

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Peverel Holdings Limited or other group undertakings as the consolidated accounts of the Peverel group in which the company is included are publicly available.

*Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, or each asset over its useful life, as follows:

Fixtures and fittings	-	20% of cost per annum
Motor vehicles	-	20% of cost per annum

*Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that that an actual liability will crystallise.

*Leasing and hire purchase commitments*

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet, and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements, less interest not yet due, are included in creditors. Interest on such agreements is charged to the profit and loss account equally over the term of each agreement.

Rentals paid under operating leases are charged in the profit and loss account as they fall due.

*Pensions*

The company operates a defined contribution pension scheme for its employees to which the company makes a contribution under specified circumstances. The scheme is administered on behalf of employees by an independent insurance company in funds separate from the group's finances. The amount charged against profits represents the contributions payable by the company in to the scheme in respect of the period.

# O M Management Services Limited

## NOTES TO THE ACCOUNTS

at 31 May 1999

### 2. TURNOVER

Turnover represents the amounts receivable for services provided, stated net of value added tax. The turnover and profit before taxation are wholly attributable to the principal activity of the company and are derived in the UK.

Facilities under management are deemed to be related parties within the meaning of FRS 8. During the year ended 31 May 1999, the company's aggregate charges to those developments are as follows:

	1999 £	1998 £
Management fees	810,392	104,020
Other fees and charges	192,244	32,278
	<u>1,002,636</u>	<u>136,298</u>

### 3. OPERATING LOSS

This is stated after charging/(crediting):

	Year ended 31 May 1999 £	11 months to 31 May 1998 £
Depreciation of owned fixed assets	77,757	66,095
Depreciation of assets held under finance leases and hire purchase contracts	16,864	9,904
Profit on sale of fixed assets	(2,973)	(12,104)
Operating lease rentals - land and buildings	49,680	28,692
Operating lease rentals - plant and equipment	1,968	-
Auditors' remuneration	6,254	5,036
	<u>150,582</u>	<u>97,623</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 May 1999 £	11 months to 31 May 1998 £
On hire purchase contracts	5,140	5,784
Finance charges	2,575	-
	<u>7,715</u>	<u>5,784</u>

NOTES TO THE ACCOUNTS  
at 31 May 1999

5. DIRECTORS' REMUNERATION

	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
Emoluments	140,366	149,016
Company contributions to money purchase pension schemes	16,149	29,177
Members of group pension scheme	<i>No. 3</i>	<i>No. 3</i>

The amounts in respect of the highest paid director were as follows:

	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
Emoluments	72,351	46,652
Company contributions paid to group pension scheme	13,493	26,565

Five of the directors were paid by the immediate parent undertaking, of which three are also directors. The total paid, excluding pension contributions for the year, was £447,695. The total pension contributions amounted to £21,091.

Pension contributions totalling £7,293 (1998: £23,207) were payable at the year end and are included in creditors.

6. STAFF COSTS

	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
Wages and salaries	1,847,410	433,855
Social security costs	63,605	34,583
Other pension costs	8,546	10,027
	<u>1,919,561</u>	<u>478,465</u>

# O M Management Services Limited

## NOTES TO THE ACCOUNTS

at 31 May 1999

### 6. STAFF COSTS (continued)

The average number of persons employed by the company during the year, including executive directors, was as follows:

	<i>Year ended 31 May 1999 No.</i>	<i>11 months to 31 May 1998 No.</i>
Management	3	5
Administration	38	15
Property maintenance	8	6
House staff	116	81
	<u>165</u>	<u>107</u>

The payroll costs of house staff included in the above table are recharged at cost to the developments under management. These amounted to £1,207,537 in the year ended 31 May 1999 (1998: £73,772).

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
UK corporation tax	(2,814)	2,648
Adjustment in respect of prior years	(2,648)	138
	<u>(5,462)</u>	<u>2,786</u>

Payment is made for group relief at the standard rate of corporation tax.

### 8. DIVIDENDS

	<i>Year ended 31 May 1999 £</i>	<i>11 months to 31 May 1998 £</i>
Proposed - interim	-	59,046
Proposed - final	-	33,761
	<u>-</u>	<u>92,807</u>

# O M Management Services Limited

## NOTES TO THE ACCOUNTS at 31 May 1999

### 9. TANGIBLE FIXED ASSETS

	<i>Fixtures &amp; fittings £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation:			
At 1 June 1998	400,029	101,321	501,350
Additions	43,463	26,722	70,185
Transfers from other Group undertakings	6,265	69,323	75,588
Transfers to other Group undertakings	-	(10,000)	(10,000)
Disposals	(3,763)	(18,900)	(22,663)
At 31 May 1999	445,994	168,466	614,460
Depreciation:			
At 1 June 1998	186,457	45,717	232,174
Provided during the year	67,848	28,773	96,621
Transfers from other Group undertakings	3,099	29,009	32,108
Transfers to other Group undertakings	-	(4,556)	(4,556)
Disposals	(3,381)	(18,650)	(22,031)
At 31 May 1999	254,023	80,293	334,316
Net book value at 31 May 1999	191,971	88,173	280,144
Net book value at 31 May 1998	213,572	55,604	269,176

Included within fixed assets are assets held under hire purchase agreements as follows:

	<i>Fixtures &amp; fittings £</i>	<i>Motor vehicles £</i>
Net book value at 31 May 1999	24,045	13,796
Net book value at 31 May 1998	34,849	43,667

# O M Management Services Limited

## NOTES TO THE ACCOUNTS

at 31 May 1999

### 10. DEBTORS

	1999 £	1998 £
Trade debtors	293,881	52,857
Amounts owed by fellow subsidiary undertakings	26,585	40,230
Advance corporation tax recoverable	4,286	595
Other debtors	26,363	23,190
Corporation tax	2,814	-
Prepayments and accrued income	165,577	168,362
	<u>519,506</u>	<u>285,234</u>

The amount due from related parties as at 31 May 1999 was £25,516 (1998: £Nil)

Advance corporation tax recoverable is due after more than one year.

### 11. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	70,015	-
Trade creditors	16,544	85,497
Amounts owed to parent undertakings	250,124	119,746
Amounts owed to fellow subsidiary undertakings	412,500	-
Corporation tax	-	2,648
Other creditors	-	91,059
Other taxes and social security costs	58,732	16,047
Obligations under finance leases and hire purchase contracts (note 12)	16,987	32,003
Accruals and deferred income	70,568	122,932
Dividends payable	-	92,807
	<u>895,470</u>	<u>562,739</u>

### 12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1999 £	1998 £
Amounts payable:		
Within one year	20,188	37,150
In two to five years	12,858	33,562
	<u>33,046</u>	<u>70,712</u>
Less: finance charges allocated to future periods	5,240	11,213
	<u>27,806</u>	<u>59,499</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 11)	16,987	32,003
Non-current obligations	10,819	27,496
	<u>27,806</u>	<u>59,499</u>

NOTES TO THE ACCOUNTS

at 31 May 1999

13. SHARE CAPITAL

	1999	Authorised 1998	Allotted, called up and fully paid 1999	1998
	£	£	£	£
Ordinary shares of £1 each	1,000	12,000	100	100

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 July 1997	100	87,049	87,149
Profit for the period	-	5,758	5,758
Dividend	-	(92,807)	(92,807)
At 1 June 1998	100	-	100
Profit for the year	-	3,950	3,950
Dividend	-	-	-
At 31 May 1999	100	3,950	4,050

15. CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted	-	1,310

16. OTHER FINANCIAL COMMITMENTS

At 31 May 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	1999 £	1998 £
Land and buildings		
Operating leases which expire:		
Between two and five years	49,680	35,000

17. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Peverel Holdings Limited, a company registered in England and Wales. Peverel Holdings Limited is both the smallest and largest group for which group accounts are prepared. The group accounts are available to the public and may be obtained from Companies House, Cardiff.