

Company Registration No. 02061041 (England and Wales)

**OM PROPERTY MANAGEMENT LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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# OM PROPERTY MANAGEMENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J E Entwistle	(Appointed 16 May 2012)
	O Saleh	(Appointed 7 June 2013)
	M E Hoyland	(Appointed 7 June 2013)

<b>Secretary</b>	Peveler Secretarial Limited
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<b>Company number</b>	02061041
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<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
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<b>Auditors</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL
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<b>Bankers</b>	Royal Bank of Scotland 12 High Street Southampton Hampshire SO14 2BF
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## OM PROPERTY MANAGEMENT LIMITED

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OM Property Management Limited is a member of the Knight Square Group of companies. Knight Square Limited was established for the purpose of acquiring the Peverel Group of companies, which it did on 5th March 2012. The ultimate shareholders are two respected UK private equity houses, Chamonix Private Equity LLP and Electra Partners LLP.

Peverel Group is one of the UK's leading property management services businesses.

Starting in the retirement property sector 30 years ago, the Group now has three divisions – Peverel Retirement, Peverel Property Management and Peverel Building Technologies – along with Kingsborough, an insurance services business. OM Property Management Limited is a key part of the Peverel Property Management division.

Headquartered in New Milton, Hampshire, Peverel also has offices in London, Luton, Birmingham, and Glasgow and employs more than 4,000 people. More than 3,000 of these staff work at the developments managed by the Group.

During 2012 the Group strengthened its management team and, with the support of its new owners, the Group was placed on a much firmer footing and delivered a set of solid financial results. We also launched our first Customer Charter, committing Peverel and its operating companies to demanding targets for improved customer service and transparency. In Peverel Property Management our existing position as the largest residential property manager in the UK, combined with our good levels of retention rates, leaves the division well placed to grow further in this sector.

During 2013 we will conduct a Group-wide business transformation programme so that by the end of the year we will have a stronger business that consistently delivers improved customer service.

For further information visit [www.peverel.co.uk](http://www.peverel.co.uk)

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# OM PROPERTY MANAGEMENT LIMITED

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# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and financial statements for the year ended 31 December 2012

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of the management of residential and commercial property developments

The directors believe that the future outlook of the company is positive following the Peverel group of companies, including OM Property Management Limited, being sold to Knight Square Limited on 5 March 2012 as detailed in note 19

#### **Business Review**

##### **Strategy**

Over thirty years Peverel Group has grown to become the UK's largest residential property management business. Under new management and ownership since March 2012, the Group has been reviewing and realigning the business to ensure its long-term profitability.

We are now embarked upon a clear strategy to develop a stronger Peverel by improving customer focus, driving operational excellence, and by transforming our processes and services to better meet the needs of our customers.

The Group is well funded and this, combined with our customer focused strategy, will ensure we can grow profitability, whilst building successful relationships with our residential customers and corporate clients across our various markets.

#### **Performance**

##### **Peverel Property Management**

The Peverel Property Management division (PPM), of which OM Property Management Limited is a big part, is the largest residential property manager in the UK, with more than 120,000 properties under management across more than 2,200 developments.

Retention rates remain at good levels, up marginally at 92.46% for 2012 (2011: 91.40%). We have seen a 50% reduction in the number of our residential customers electing to manage their own properties as we have addressed some legacy issues with this division. We are committed to improving our levels of customer service and delivering them consistently.

#### **Stakeholders**

##### **Individual Customers**

First and foremost, Peverel's service is judged by our many individual customers receiving our services in their homes. Improving their service delivery has been the top priority for the new management and we are pleased to record good progress.

We have increased our customer focus and in 2013 we are investing in process change to better align how we operate to the outcomes our customers have said they want. Though fundamental change inevitably takes time to deliver, we will stay the course as it is the right thing to do for all of our various stakeholders, and gives us a platform for strong future growth.

##### **Business Customers**

In addition to residential customers, our diverse client base includes property developers, landlords, local authorities, housing associations and charities. We have invested time in further developing these key relationships and our intent is to become the business partner of choice to business customers as our customer improvement initiatives deliver improving service quality.

# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **Customer Charter**

In July 2012, we completed an independent customer consultation to discover what mattered most to our customers. Our findings were incorporated into Peverel's first ever Customer Charter, which set out five promises. The feedback was also incorporated in our Service Improvement Programme and the main Peverel companies had each published their own Charters by the year-end.

The Charter is the backbone of our group strategy and puts the customer at the core of our thinking. A new Head of Customer Relations was appointed in October to oversee its implementation and by Christmas key milestones had been achieved. These include a new team to improve how we handle customer enquiries across all Peverel Group companies, as well as improved systems and training to record, monitor and ensure timely responses to any complaints, all part of our commitment to Excellent Customer Service.

Our promise to be Open and Transparent means that we now publish the details of our fees and charges on our website. We promise to Consult with You on budgets and work, and we have strengthened our Procurement team as part of our promise to ensure Value for Money. Following the redesign of the 'Contact Us' web page, 1,200 site visitors clicked through in the first few weeks, while extended opening hours and training for customer-facing staff helped us work towards our Easy to Deal With commitment.

Where we achieved our goals, we have instigated new ones. Where we have missed them we will work until they are achieved. Indeed, our commitment to improve service is ongoing and not only did we hold very successful customer forums when Peverel CEO Janet Entwistle met customers to discuss their experiences, we also drew up a programme of forums and open days for 2013, which has proved very popular.

#### **Improving Industry Standards**

Peverel's future success is not just about business performance. We are committed to raising industry standards and promoting best practice across the industry. We have supported recent self-regulation on transparency and continue to work with all interested parties to drive high standards.

#### **People**

We are proud to have been reaffirmed by Investors in People in 2012, an achievement that recognises our strong emphasis on effective employee engagement and development.

Our competitive salaries and benefits package along with our training programmes and reward scheme mean that we are able to attract and retain a talented and skilful body of staff. Staff retention rates improved, at 84.25% against 82.7% for 2011, and we increased our spending on staff training by nearly 10% to more than £900,000.

During 2012, we also strengthened our top management team with the appointment of Paul Lester as Chairman, and Janet Entwistle as Chief Executive Officer, as well as creating new key management roles to make Peverel a better and more efficient business.

#### **Health and Safety**

Our commitment to ensure that staff, customers, members of the public, and anyone who interacts with Peverel remain safe and well drives a constant focus on safe working practices across all parts of the group.

# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **Financial Review**

The Company is reporting solid performance with a small drop in turnover but a much improved profit for the year, a strong cash position, and a sensibly funded Balance Sheet.

#### **Profit and Loss Account**

The Company traded well during 2012 with a sound, largely recurring, revenue base and an improved operating loss before interest and tax

Turnover for the year was £17,897,110 (2011 £18,368,226) The Company is experiencing steady trading conditions in its core residential property management with retention rates at levels well over 90% After total net expenses of £17,838,278 (2011 £18,925,929) the Company showed an operating profit of £58,832 (2011 loss £557,703) after exceptional items for the year The Company incurred expenses associated with estates under management, bad debt provisions and one off project costs resulting from legacy issues and pursuing its new strategy that we have chosen to show separately as Exceptional items of £1,152,242 (2011 £2,419,372) to aid understanding Absent these items, the Company's operating profit would have risen to £1,211,074

The Company has received a small amount of interest in the year £1,457 (2011 nil) which added to the above operating profit and a deferred tax credit of £666,510 (2011 £121,414) provides a much improved profit for the year of £1,105,799 (2011 loss £581,741)

#### **Balance Sheet**

The Company has a net asset position of £2,278,002 (2011 £1,551,203)

Tangible net assets comprise the plant and machinery that existed from previous years and has only reduced by the current year depreciation amount showing a net book value of £917,909

There are current assets of £6,806,770 (2011 £4,455,844) with the increase year on year being predominately due to larger debts owed by fellow subsidiaries that were not settled at the year end and a larger deferred tax asset being recognised whilst cash at bank remained healthy at £1,654,368 (2011 £2,242,980)

The increase in liabilities for the year (creditors due within one year and provisions for liabilities) of £5,446,677 (2011 £4,252,292) was mainly due to larger amounts owed to fellow subsidiaries, other liabilities remained stable and broadly in line with the previous year

# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **Governance**

#### **Board**

##### **The Board and Management Team**

OM Property Management Limited has a board comprising of three directors and is ultimately owned and controlled by Knight Square Limited

The Peverel Chief Executive Officer is responsible for the overall performance of Knight Square group. Each operating division is headed by a Divisional Managing Director and is run by its own management and administrative team. They are supported by a small number of centrally provided functions comprising business development, finance, procurement, human resources, IT, marketing, communications and legal functions.

##### **Operation of the Board**

The Group Board meets at least ten times each year to review the Group's strategy and performance. The executives of the Group are regularly invited to attend Board meetings where appropriate.

Health and safety performance, any accidents, and lessons from any near-miss events are reviewed and considered at Board meetings.

##### **Committees of the Board**

###### **Audit Committee**

Knight Square Group has an audit committee of three non-Executive directors – comprising Paul Lester (Chair), Jane Crawford, and Alex Fortescue. The Audit Committee meets at least twice annually to review the Group's results and internal controls.

The Group's auditors as well as the Peverel Chief Executive and Chief Financial Officers are invited to attend the Audit Committee meetings to report progress against agreed internal control and risk management objectives.

##### **Processes**

###### **Bid Approval**

A Business Development function operates within each Peverel division and is responsible for completing all new business tenders.

All new contracts must contribute to Peverel's strategic and financial targets, which are measured primarily in terms of sustainable profit margin and cash generation. In addition, the risk profile of contracts must be acceptable. As such, all bids are reviewed and signed either by the Board and/or executive as appropriate prior to submission.

As part of Peverel's commitment to high standards of Business Practice and fair competition, including compliance with the Bribery Act 2010, all managers with client contact, senior or otherwise, attend a competition compliance and Bribery Act training seminar. Each attendee must sign an undertaking to confirm receipt of the training and that they will, in all matters relating to their conduct as a Peverel employee, compete fairly and within the policy.

###### **Expenditure Approval**

An approved Scheme of Delegation identifies those in the business with authority to approve expenditure. Systems exist and are monitored to ensure compliance with this structure. High-cost items and projects are subject to further investment appraisal and sign-off requirements.



# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **Cash and cash management**

Knight Square Group uses RBS Group/National Westminster Bank plc ('NatWest') as its preferred banking partner and has committed banking facilities in place. Cash forecasts are completed and reviewed on both a weekly and monthly basis.

Peverel also holds cash in trust on behalf of the developments that it manages for customers. These monies are held in separate NatWest bank accounts, are unavailable to Peverel, and are solely for funding each development. These bank accounts are reconciled each month.

We follow both legislative requirements and industry codes of practice as they apply to the management of development bank accounts and the holding of customers' money.

### **Risk Management**

#### **Internal control and risk management**

A formal risk register is completed and is reviewed at Board meetings along with mitigating strategies and the latest status of the risks. The Group also maintains and monitors a set of detailed policy documents across all areas of operations. Key areas in which such policies exist include health and safety, procurement, finance and governance (including competition and bribery).

#### **External Audit**

The external audit function is operated by BDO LLP with the completion of year-end audits for all legal entities within the Knight Square Group. BDO reports to the audit committee and gives an audit opinion on each set of statutory accounts.

#### **Financial Risk Management**

Peverel's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. Peverel has in place robust controls that seek to limit the adverse effects in the financial performance of the Group by monitoring potential financial risks to which the Group is subject. The Group is exposed to interest rate risk and has hedging in place to mitigate the majority of this risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. Financial risk management is monitored by the Board of Directors and the policies set by the Board of Directors are implemented by the Group's treasury function. The department has procedures in place that manage both interest rate and credit risk.

#### **Credit Risk**

Peverel has a large base of UK residential and commercial customers. Credit control processes are operated to manage and mitigate the risk of non-payment of charges.

#### **Liquidity Risk**

The capital structure of Peverel ensures operations are generally financed through cash generated from operations. The Group has an appropriate level of borrowings and maintains a regular dialogue with lenders on future prospects and any funding needs.

# **OM PROPERTY MANAGEMENT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **Principal Risks and Uncertainties**

#### **Health and Safety**

Peverel takes its obligations for safety at its office, operational, and development sites very seriously, along with the risks to staff travelling between locations. These obligations extend to staff, residents, visitors, contractors, and members of the public. The risk is mitigated by having a robust health and safety culture with a safety risk register, actions to eliminate or mitigate risks where possible, and monitoring and reporting of accidents and near-misses.

#### **Contract Retention**

In common with other service businesses Peverel is at risk from losing contracts. This risk is mitigated by seeking to deliver high-quality customer service and by maintaining a regular dialogue with individual and business customers. When assessing potential new contracts, we consider whether they fit with Peverel's core skills and our established supply chain.

#### **Systems Dependence and Business Continuity**

The Group uses IT and management processes to manage service delivery to developments, to support our technology division operations, and to manage the Corporate entities. A significant IT or other system failure would be disruptive. The Group mitigates this risk through IT resilience and disaster recovery plans designed to restore service and a business continuity plan for each business operational office.

#### **Legal Compliance**

Peverel operates within the UK and is as such subject to the legal and compliance regime. To guard against a failure to comply with legislation Peverel employs qualified advisors both internally and externally and holds regular reporting to the Board of all significant legislative changes in the UK.

#### **Reputation**

The Peverel reputation remains important for business development. Peverel has a Code of Business Conduct for all staff to adhere to and demands high standards of professionalism when engaging with all stakeholders.

# OM PROPERTY MANAGEMENT LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

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#### Results and dividends

The results for the year are set out on page 11

#### Directors

The following directors have held office since 1 January 2012

P J Cummings	(Resigned 28 July 2013)
L E Middleburgh	(Resigned 7 April 2013)
J E Entwistle	(Appointed 16 May 2012)
A Davey	(Resigned 2 May 2012)
K A Edgar	(Resigned 2 May 2012)
C A Wadlow	(Resigned 31 August 2012)
O Saleh	(Appointed 7 June 2013)
M E Hoyland	(Appointed 7 June 2013)

#### Directors' insurance

Peveler maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company

#### Employee involvement

Peveler's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

#### Disabled persons

Peveler's policy is to enable recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### Auditors

In accordance with section 485 of the Companies Act 1985, a resolution proposing that BDO LLP be reappointed as auditors of the company will be put to the Annual General Meeting

# OM PROPERTY MANAGEMENT LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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,
- 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 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.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



O Saleh  
Director

15 August 2013

# **OM PROPERTY MANAGEMENT LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF OM PROPERTY MANAGEMENT LIMITED**

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We have audited the financial statements of OM Property Management Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement, 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 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

## OM PROPERTY MANAGEMENT LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED)

#### TO THE MEMBERS OF OM PROPERTY MANAGEMENT LIMITED

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##### 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



Kim H Hayward (Senior Statutory Auditor)  
for and on behalf of BDO LLP  
Statutory Auditor

16 August, 2013

Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127)

# OM PROPERTY MANAGEMENT LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	17,897,110	18,368,226
Administrative expenses	(16,791,143)	(16,628,703)	
Exceptional items	(1,152,242)	(2,419,372)	
Total administrative expenses		(17,943,385)	(19,048,075)
Other operating income		105,107	122,146
Operating profit/(loss)	3	58,832	(557,703)
Other interest receivable and similar income	4	1,457	-
Interest payable and similar charges	5	-	(145,452)
Profit/(loss) on ordinary activities before taxation		60,289	(703,155)
Tax on profit/(loss) on ordinary activities	6	666,510	121,414
Profit/(loss) for the year	13	726,799	(581,741)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

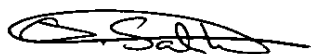
# OM PROPERTY MANAGEMENT LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	7		917,909		1,347,651
<b>Current assets</b>					
Debtors	8	5,152,402		2,212,864	
Cash at bank and in hand		1,654,368		2,242,980	
		6,806,770		4,455,844	
<b>Creditors amounts falling due within one year</b>	10	(4,017,544)		(2,789,764)	
<b>Net current assets</b>			2,789,226		1,666,080
<b>Total assets less current liabilities</b>			3,707,135		3,013,731
<b>Provisions for liabilities</b>	11		(1,429,133)		(1,462,528)
			2,278,002		1,551,203
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Other reserves	13		-		(544,566)
Profit and loss account	13		2,277,902		2,095,669
<b>Shareholders' funds</b>	14		2,278,002		1,551,203

Approved by the Board and authorised for issue on 15 August 2013



O Saleh  
Director

Company Registration No. 02061041



# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

These financial statements have been prepared on the going concern basis

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax

Developments under management owned by other group companies are deemed to be related parties within the meaning of FRS 8. During the year ended 31 December 2012, the company's aggregate charges to those developments was £nil (2011: £3,858,793)

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	evenly over five years
Computer equipment	evenly over three/five years

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### 1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

#### 1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### 1.8 Provisions for Liabilities

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit/(loss)	2012 £	2011 £
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	582,422	622,150
Operating lease rentals		
- Plant and machinery	335,719	391,135
- Other assets	317,230	298,068
Exceptional items	<u>1,152,242</u>	<u>2,419,372</u>

The exceptional items relate to provisions and payments made to estates under management of £1,193,888 (2011 £647,483), a release of provisions against related party and intercompany debtors of £311,694 (2011 charge £1,771,889) and one-off project costs of £270,048 (2011 £nil)

Fees payable to the company's auditor in the current and the prior year were paid by fellow subsidiary undertakings

Operating lease rentals include amounts of £218,093 (2011 £102,003) for Plant and machinery and £205,153 (2011 £78,411) for Other assets, that have been recharged to other group companies

4 Investment income	2012 £	2011 £
Bank interest	<u>1,457</u>	<u>-</u>

5 Interest payable	2012 £	2011 £
Other interest	<u>-</u>	<u>145,452</u>

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £	2011 £
	<b>Total current tax</b>	-	-
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(733,215)	(131,248)
	Effects of changes in tax rates and laws	66,705	14,252
	Deferred tax adjustments arising in previous periods	-	(4,418)
		<u>(666,510)</u>	<u>(121,414)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>60,289</u>	<u>(703,155)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.00%)	<u>14,771</u>	<u>(182,820)</u>
	Effects of		
	Non deductible expenses	14,199	21,442
	Fixed asset timing differences	14,675	131,248
	Group relief	110,651	(43,360)
	Movement on tax losses	-	(99,780)
	Provision against intra company loans	(62,941)	460,691
	Transfer pricing adjustments	(98,481)	(296,285)
	Other tax adjustments	7,126	8,864
		<u>(14,771)</u>	<u>182,820</u>
	<b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

The company has tax losses of approximately £2.9m (2011 - £2.9m) available for carry forward against future profits

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

#### 7 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 January 2012	3,428,748
Additions	152,680
At 31 December 2012	<u>3,581,428</u>
<b>Depreciation</b>	
At 1 January 2012	2,081,097
Charge for the year	582,422
At 31 December 2012	<u>2,663,519</u>
<b>Net book value</b>	
At 31 December 2012	<u>917,909</u>
At 31 December 2011	<u>1,347,651</u>

8 Debtors	2012 £	2011 £
Trade debtors	621,639	620,482
Amounts owed by parent and fellow subsidiary undertakings	2,826,963	725,019
Other debtors	335,241	237,087
Prepayments and accrued income	345,742	273,969
Deferred tax asset (see note 11)	1,022,817	356,307
	<u>5,152,402</u>	<u>2,212,864</u>

#### 9 Client Money

Residents' net cash balances held in client bank accounts with RBS at 31 December 2012 were £77,940,633 (2011 £68,173,688). Further net cash balances were held in client bank accounts with Bank of Scotland at 31 December 2012 totalling £785,295 (2011 £4,850,712). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the group.

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

10 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	487,675	465,042
Amounts owed to parent and fellow subsidiary undertakings	2,145,165	433,232
Taxes and social security costs	700,450	1,106,688
Other creditors	103,031	179,474
Accruals and deferred income	581,223	605,328
	<u>4,017,544</u>	<u>2,789,764</u>

#### 11 Provisions for liabilities

	Other £
Balance at 1 January 2012	1,462,528
Additional provisions made in the period	904,453
Amounts used during the period	(757,312)
Unused amounts reversed during the period	(180,536)
Balance at 31 December 2012	<u>1,429,133</u>

The company manages a large number of commercial and residential property developments. A small proportion of those developments are either in dispute over service charge debts or else have made claims against the company relating to the management of their development. This provision has been made for service charge bad debts or claims against the company.

The deferred tax asset (included in debtors, note 8) is made up as follows:

	2012 £
Balance at 1 January 2012	(356,307)
Profit and loss account	(666,510)
Balance at 31 December 2012	<u>(1,022,817)</u>

	2012 £	2011 £
Decelerated capital allowances	(348,269)	(356,307)
Tax losses available	(674,548)	-
	<u>(1,022,817)</u>	<u>(356,307)</u>

There is an unrecognised deferred tax balance in respect of losses carried forward of £nil (2011 £762,533)

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

<b>12 Share capital</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

### 13 Statement of movements on profit and loss account

	<b>Profit and loss account</b>
	<b>£</b>
Balance at 1 January 2012	1,551,103
Profit for the year	726,799
Balance at 31 December 2012	2,277,902

<b>14 Reconciliation of movements in shareholders' funds</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	726,799	(581,741)
Movements on other reserves	-	(544,566)
Net addition to/(depletion in) shareholders' funds	726,799	(1,126,307)
Opening shareholders' funds	1,551,203	2,677,510
Closing shareholders' funds	2,278,002	1,551,203

### 15 Contingent liabilities

The Group is party to a composite debenture secured over all of its assets. The borrower is Peverel Services Limited. The loan and deferred interest payable outstanding at the Balance Sheet date was £24,250,000 (2011: £nil) and £9,648 (2011: nil).

In 2011 the Group was party to a composite debenture secured over all of its assets. The borrower was Aztec Opco Developments Limited, the ultimate UK parent of OM Property Management Limited during that year. As at 31 December 2012 all the parties have been released from this debenture.

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

#### 16 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
Within one year	-	-	34,146	175,156
Between two and five years	388,873	179,436	502,832	250,045
In over five years	65,000	274,441	-	-
	<u>453,873</u>	<u>453,877</u>	<u>536,978</u>	<u>425,201</u>

#### 17 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	-	255,481
Company pension contributions to defined contribution schemes	-	20,172
	<u>-</u>	<u>275,653</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2011 - 1)

In the current year the directors were paid by either fellow subsidiary undertakings or related parties, of which they are also directors

# OM PROPERTY MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

### 18 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Office and Management	310	312
House Staff	834	792
	<u>1,144</u>	<u>1,104</u>

#### Employment costs

	2012 £	2011 £
Wages and salaries	6,395,320	6,679,045
Social security costs	545,086	554,420
Other pension costs	92,959	85,246
	<u>7,033,365</u>	<u>7,318,711</u>

Costs of other employees of the company amounted to £2,637,986 (2011 £6,419,471) in aggregate have been recharged to and disclosed in the accounts of other group companies

The employment cost of house staff is not included in the above table as these costs are recharged at cost to the developments managed by the group and are not a direct cost to the company. These amounted to wages and salaries costs of £13,269,520 (2011 £13,034,513) social security cost of £1,103,275 (2011 £1,117,852) and other pension costs of £24,343 (2011 £20,828)

### 19 Control

The ultimate parent company of OM Property Management Limited is Knight Square Limited which is the smallest and largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff

Until 5th March 2012 the UK parent undertaking was Aztec Opco Developments Limited (in Administration), a company registered in England and Wales. At that time, the ultimate parent undertaking was Euro Investments Overseas Inc, a company registered in the British Virgin Islands with the ultimate controlling parties being Simon Appell, Alistair Beveridge and Anne O'Keefe each of Zolfo Cooper LLP

Upon successful sale of the Peverel Group on 5th March 2012, the directors consider the company's ultimate parent undertaking and controlling party is Knight Square Limited, a company registered in England and Wales under registration number 07925023

### 20 Related party relationships and transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions