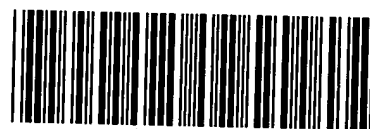


Company Registration No. 02231168 (England and Wales)

FIRSTPORT PROPERTY SERVICES NO.2 LIMITED
(FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | O Saleh N Howell (Appointed 1 April 2014) |
| Secretary | O Saleh |
| Company number | 02231168 |
| Registered office | Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR |
| Independent Auditors | PricewaterhouseCoopers LLP Savannah House 3 Ocean Way Ocean Village Southampton SO14 3TJ |
| Bankers | Royal Bank of Scotland 12 High Street Southampton Hampshire S014 2BF |

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

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FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Governance

The directors present their report and audited financial statements for the year ended 31 December 2014. The directors recommend £nil should be paid by way of a dividend (2013: £nil).

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 company forms part of the FirstPort division of Knight Square Holdings Limited, the "Group".

FirstPort Property Services No 2 Limited (formerly OM Property Management No 2 Limited) changed its name on the 14th of April 2015.

Business Review and future developments

The UK housing market appeared to be stable in 2014 with predictions indicating that it will return to a more sustainable pattern of long-term growth. Shortages in housing are driving property development throughout the UK particularly in London and the surrounding areas. The majority of these developments are in the non-retirement sector but the ageing demographic is impacting the landscape as people are seeking to live independently for a longer period of time.

Profit and Loss Account

Turnover for the year was £5.9m (2013: £6.3m) with the reduction attributed to a lower number of units under management. We are in the process of developing and implementing plans focused on customer service that will deliver improved retention of our existing customer base. Total administrative expenses reduced to £5.0m (2013: £6.3m) which has been delivered through a number of strategic cost control exercises generating an Operating profit of £0.9m (2013: £0.04m).

The Company has received a small amount of interest in the year £0.01m (2013: £0.02m) which added to the above operating profit together with a deferred tax charge of £0.3m (2013: £0.02m) provides a profit for the year of £0.6m (2013: £0.04m). Certain group support activities are expensed in another group company and recharges were not made in 2014 to the companies to which they relate.

KPI's

The directors consider turnover and profit to be the key performance indicators of the business.

Balance Sheet

The Company has an improved net asset position of £0.7m (2013: £0.1m), current assets of £9.2m (2013: £6.9m) have increased mainly due to an increase in debts owed by fellow subsidiaries that were not settled at the year end.

Liabilities for the year (creditors due within one year and provisions for liabilities) have increased from £6.8m in 2013 to £8.5m due predominantly to an increase in amounts owed to fellow subsidiaries, which are the normal intercompany transactions you would expect in a group of this size.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

| | |
|---------------|-----------------------------|
| J E Entwistle | (Resigned 19 February 2015) |
| O Saleh | |
| N Howell | (Appointed 1 April 2014) |
| M E Hoyland | (Resigned 31 March 2014) |

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' insurance

The company 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

The company's policy is to consult and discuss with employees, individually and collectively, matters likely to affect employees' interests.

Information of matters of concern to employees is given through news bulletins that seek to achieve a common awareness on the part of all employees, of all factors affecting the Group's performance.

Disabled persons

The company's policy is to recruit 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.

Board

The Board and Management Team

FirstPort Property Services No 2 Limited has a board comprising of two directors and is ultimately owned and controlled by Knight Square Holdings Limited, the "Group".

The Group has policies in place that are applicable and adhered to by FirstPort Property Services No 2 Limited.

Operation of the Board

The Group Board meets at least 10 times each year to review the Group's strategy and performance. The executives of the Group are regularly invited to attend Board meetings when appropriate. The company's board meets approximately 12 times per annum.

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

Risk Management

Internal Control and Risk Management

The appointment of KPMG as internal auditors reflects management's strategy to strengthen controls and reduce risk to the Group. The appointment was made in the latter part of 2014 so its true effectiveness will be assessed during the coming year. 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

During the year, PricewaterhouseCoopers (PwC) were appointed as external auditors of the Knight Square Holdings Group and its subsidiaries. The performance of the auditors is overseen by the Audit Committee.

Financial Risk Management

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 credit risk.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Credit Risk

Knight Square has a large base of UK residential and commercial customers. Dedicated credit control teams exist within the Group with strict processes being operated to manage and mitigate the risk of non-payment of charges. Cash management and forecasting plays a key role in the group's focus in this area and has helped drive improvements in reducing credit risk levels.

Strategic Report

Advantage has been taken of the exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a strategic report.

Statement of Director's 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 prepared the company 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.

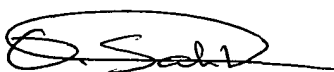
Statement of disclosure to auditors

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.

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



O Saleh
Director
7 July 2015

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

Report on the financial statements

Our Opinion

In our opinion, FirstPort Property Services No 2 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

FirstPort Property Services No 2 Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit.
- 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

We have no exceptions to report arising from this responsibility

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Natasha Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors



10 July 2015
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

PricewaterhouseCoopers LLP is a limited liability partnership registered in England and Wales (registered number OC303525).

**FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN
AS OM PROPERTY MANAGEMENT NO.2 LIMITED)**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

| | Notes | 2014 £ | 2013 £ |
|--|-------|--------------------|--------------------|
| Turnover | | 5,855,034 | 6,301,274 |
| Administrative expenses | | (5,039,481) | (5,559,736) |
| Exceptional items | 2 | 72,109 | (696,946) |
| Total administrative expenses | | (4,967,372) | (6,256,682) |
| Operating profit | 2 | 887,662 | 44,592 |
| Other interest receivable and similar income | 3 | 8,695 | 17,803 |
| Profit on ordinary activities before taxation | | 896,357 | 62,395 |
| Tax on profit on ordinary activities | 4 | (294,527) | (19,642) |
| Profit for the financial year | 11 | 601,830 | 42,753 |

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.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

BALANCE SHEET

AS AT 31 DECEMBER 2014

| | Notes | 2014 £ | £ | 2013 £ | £ |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | - | | 798 |
| Current assets | | | | | |
| Debtors | 6 | 8,890,867 | | 5,871,061 | |
| Cash at bank and in hand | | 352,879 | | 1,050,457 | |
| | | <u>9,243,746</u> | | <u>6,921,518</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(6,692,928)</u> | | <u>(4,612,731)</u> | |
| Net current assets | | | 2,550,818 | | 2,308,787 |
| Total assets less current liabilities | | | <u>2,550,818</u> | | <u>2,309,585</u> |
| Provisions for liabilities | 9 | | <u>(1,818,185)</u> | | <u>(2,178,782)</u> |
| Net assets | | | <u>732,633</u> | | <u>130,803</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | 3,332,000 | | 3,332,000 | |
| Other reserves | 11 | 1,460,363 | | 1,460,363 | |
| Profit and loss account | 11 | <u>(4,059,730)</u> | | <u>(4,661,560)</u> | |
| Total shareholders' funds | 12 | <u>732,633</u> | | <u>130,803</u> | |

The financial statements on pages 7 -16 were approved by the Board of Directors on 7 July 2015 and signed on its behalf by:



O Saleh
Director

Company Registration No. 02231168

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006.

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.

It consists of management contracts which are recognised evenly over the period of the contract, and other non-recurring revenues are recognised when the service is performed.

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:

| | |
|------------------|--------------------------------|
| Office 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. There were no amounts prepaid or outstanding at the year end.

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.

**FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN
AS OM PROPERTY MANAGEMENT NO.2 LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | | | |
|----------|--|-------------------|-------------------|
| 2 | Operating profit | 2014 | 2013 |
| | | £ | £ |
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible assets | 797 | 2,983 |
| | Operating lease rentals | | |
| | - Plant and machinery | 27,172 | 109,524 |
| | - Other assets | - | 198,356 |
| | Exceptional items | (72,109) | 696,946 |
| | | <u> </u> | <u> </u> |

Fees payable to the company's auditors in the current and the prior year were paid by fellow subsidiary undertaking Peverel Services Limited.

The exceptional item relates to provision movements and payments made to estates under management which in total were (£72k) (2013: £670k).

| | | | |
|----------|---|-------------------|-------------------|
| 3 | Other interest receivable and similar income | 2014 | 2013 |
| | | £ | £ |
| | Bank interest | 8,695 | 17,803 |
| | | <u> </u> | <u> </u> |

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

| 4 | Tax on profit on ordinary activities | 2014 £ | 2013 £ |
|---|---|------------------|-----------------|
| | Total current tax | - | - |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 316,514 | (44,027) |
| | Effects of changes in tax rates and laws | (21,987) | 63,669 |
| | | <u>294,527</u> | <u>19,642</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | <u>896,357</u> | <u>62,395</u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.50% (2013 - 23.25%) | <u>192,717</u> | <u>14,507</u> |
| | Effects of: | | |
| | Fixed asset timing differences | (22,353) | (29,420) |
| | Group relief | (13,559) | 33,324 |
| | Movement on unrecognised tax losses | - | (72,965) |
| | Transfer pricing adjustments | (156,805) | 54,554 |
| | | <u>(192,717)</u> | <u>(14,507)</u> |
| | Current tax charge for the year | <u>-</u> | <u>-</u> |

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5 Tangible assets

| | Office equipment £ |
|---|--------------------------|
| Cost | |
| At 1 January 2014 & at 31 December 2014 | 1,893,276 |
| Accumulated depreciation | |
| At 1 January 2014 | 1,892,479 |
| Charge for the year | 797 |
| At 31 December 2014 | 1,893,276 |
| Net book value | |
| At 31 December 2014 | - |
| At 31 December 2013 | 798 |

| 6 Debtors | 2014 £ | 2013 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 218,216 | 459,986 |
| Amounts owed by group undertakings | 8,555,412 | 4,989,257 |
| Other debtors | 16,893 | 5,483 |
| Prepayments and accrued income | 3,072 | 24,534 |
| Deferred tax asset (see note 9) | 97,274 | 391,801 |
| | <u>8,890,867</u> | <u>5,871,061</u> |

Trade debtors include amounts owed by group undertakings which comprise of loans and trading balances which are repayable on demand and non-interest bearing.

7 Client Monies

Residents' net cash balances held in client bank accounts with RBS at 31 December 2014 were £16,262,493 (2013: 15,885,191). Further net cash balances were held in client bank accounts with Bank of Scotland at 31 December 2014 totalling £nil (2013: £961,337). The client bank accounts are held by way of Statutory Trust on behalf of the properties managed and are not available to the group.

**FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN
AS OM PROPERTY MANAGEMENT NO.2 LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 8 Creditors: amounts falling due within one year | 2014 | 2013 |
|---|------------------|------------------|
| | £ | £ |
| Trade creditors | 7,435 | 57,880 |
| Amounts owed to group undertakings | 6,426,331 | 3,805,202 |
| Other taxation and social security costs | 256,499 | 310,787 |
| Other creditors | - | 11,409 |
| Accruals and deferred income | 2,663 | 427,453 |
| | <u>6,692,928</u> | <u>4,612,731</u> |

Trade creditors include amounts owed by group undertakings which comprise of loans and trading balances which are repayable on demand and non-interest bearing.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

9 Provisions for liabilities

| | Other £ |
|---|------------------|
| Balance at 1 January 2014 | 2,178,782 |
| Additional provisions made in the period | 505,964 |
| Amounts used during the period | (12,525) |
| Unused amounts reversed during the period | (854,036) |
| Balance at 31 December 2014 | <u>1,818,185</u> |

The company manages a large number of commercial and residential property developments. There are historical issues within this significant portfolio which have given rise to some disputes and claims under the management contracts that govern them.

Whilst significant progress has been made in addressing these claims, and management continue to assess them on their merits, they can take many years to emerge so management recognise the need for a provision of £1,818,185 (2013: £2,178,782). This is expected to be utilised over a period of up to five years.

The deferred tax asset (included in debtors, note 6) is made up as follows:

| | 2014 £ |
|-----------------------------|-----------------|
| Balance at 1 January 2014 | (391,801) |
| Profit and loss account | 294,527 |
| Balance at 31 December 2014 | <u>(97,274)</u> |

| | 2014 £ | 2013 £ |
|--------------------------------|-----------------|------------------|
| Decelerated capital allowances | (97,274) | (118,075) |
| Tax losses available | - | (273,726) |
| | <u>(97,274)</u> | <u>(391,801)</u> |

There is an unrecognised deferred tax balance in respect of losses carried forward of £1,083,163 (2013: £751,436).

The losses carried forward will be utilised as and when the relevant group company makes qualifying taxable profits, but have not been recognised as there is insufficient certainty over the future utilisation.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

| 10 | Called up share capital | 2014 £ | 2013 £ |
|----|--------------------------------------|-----------|-----------|
| | Allotted, called up and fully paid | | |
| | 3,332,000 Ordinary shares of £1 each | 3,332,000 | 3,332,000 |

| 11 | Statement of movements on reserves | Other reserves (see below) £ | Profit and loss account £ |
|----|---|------------------------------------|---------------------------------|
| | Balance at 1 January 2014 | 1,460,363 | (4,661,560) |
| | Profit for the financial year | - | 601,830 |
| | Balance at 31 December 2014 | 1,460,363 | (4,059,730) |
| | Other reserves | | |
| | Loan Waiver | | |
| | Balance at 1 January 2014 & at 31 December 2014 | 1,460,363 | |

| 12 | Reconciliation of movements in shareholders' funds | 2014 £ | 2013 £ |
|----|--|-----------|-----------|
| | Profit for the financial year | 601,830 | 42,753 |
| | Opening shareholders' funds | 130,803 | 88,050 |
| | Closing shareholders' funds | 732,633 | 130,803 |

13 Contingent liabilities

A number of bank accounts maintained for developments under management were overdrawn at 31 December 2013 amounting to £330,974 (2012: £846,461). The group has given unlimited guarantees on these amounts in the event of default.

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 £33,315,000 (2013: £17,755,700) and £200,438 (2013: £nil).

14 Directors' remuneration

The directors were paid by Peverel Services Limited in respect of their services to this subsidiary, which are incidental to their services to this company.

FIRSTPORT PROPERTY SERVICES NO 2 LIMITED (FORMERLY KNOWN AS OM PROPERTY MANAGEMENT NO.2 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15 Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs

In 2014, there have been no staff directly employed by the company. During the year, employee costs of £2,627,307 (2013: £2,628,126) have been recharged to the company from a fellow subsidiary, FirstPort Property Services Limited. These costs represent administration work carried out for the company by staff employed by FirstPort Property Services Limited.

16 Control

The ultimate parent undertaking and controlling party of FirstPort Property Services No 2 Limited is Knight Square Holdings Limited, a company registered in England and Wales under registration number 07925023 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, Crown Way, Maindy, Cardiff, CF4 3UZ.

On the 14th April 2015 OM Property Management No 2 Limited changed its name to FirstPort Property Services No 2 Limited.

17 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.