

**QUINTAIN SERVICES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

WEDNESDAY



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COMPANIES HOUSE

# QUINTAIN SERVICES LIMITED

## COMPANY INFORMATION

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### Directors

N G Ellis  
A R Wyatt  
R J Worthington  
N S K Shattock  
M R Meech  
D G Pangbourne  
Lady Judge (previously known as B Thomas)  
W J T Plender  
J MacNaughton  
T Dwyer

### Secretary

S Dixon

### Company number

2950066

### Registered office

16 Grosvenor Street  
London  
W1K 4QF

### Auditors

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

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# QUINTAIN SERVICES LIMITED

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# QUINTAIN SERVICES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

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The directors present their report and financial statements for the year ended 31 March 2006.

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

The principal activity of the Company is the provision of management services under an agreement with the parent company, Quintain Estates and Development PLC.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

During the year the Company sold the group's head office at 16 Grosvenor Street, London W1K 4QF realising a profit of £4.3m and leased it back committing the Company to rentals payable as disclosed in note 15.

The key risk facing the Company is the loss of key individuals employed by the group. The group's ongoing recruitment programme and long term incentive and remuneration packages seek to mitigate this.

### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend (2005: £nil).

### **Directors**

The following directors have held office since 1 April 2005:

N G Ellis

A R Wyatt

R J Worthington

N S K Shattock

J R Hamilton Stubber

(Resigned 17 February 2006)

M R Meech

D G Pangbourne

Lady Judge (previously known as B Thomas)

W J T Plender

J MacNaughton

T Cross Brown

(Resigned 5 September 2006)

T Dwyer

(Appointed 30 November 2006)

### **Directors' interests**

There are no directors' interests requiring disclosure under the Companies Act 1985. The directors listed above at 31 March 2006, are also directors of the ultimate parent company and, as such, their interests in the share and loan capital of that company are shown in its directors' report.

### **Auditors**

The Company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, KPMG Audit Plc, will be deemed to be reappointed for each succeeding financial year.

# QUINTAIN SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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### 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Statement of disclosure to auditor

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

By order of the Board



S Dixon

**Secretary**

31 January 2007

# QUINTAIN SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF QUINTAIN SERVICES LIMITED

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We have audited the financial statements of Quintain Services Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

# QUINTAIN SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF QUINTAIN SERVICES LIMITED

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#### Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the information given in the directors' report is consistent with the financial statements; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

31 January 2007

Chartered Accountants

Registered Auditor

8 Salisbury Square

London

EC4Y 8BB

# QUINTAIN SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover	2	13,652,022	9,260,601
Cost of sales	4	(13,001,926)	(8,819,620)
Gross profit		650,096	440,981
Administrative expenses		(1,844,762)	(1,246,792)
Operating loss	3	(1,194,666)	(805,811)
Profit loss on sale of tangible assets		4,264,003	-
Profit/(loss) on ordinary activities before interest		3,069,337	(805,811)
Other interest receivable and similar income	5	433,185	581,272
Interest payable and similar charges	6	(6,639)	(537)
Profit/(loss) on ordinary activities before taxation		3,495,883	(225,076)
Tax on profit/(loss) on ordinary activities	7	-	-
Profit/(loss) for the year	13	3,495,883	(225,076)

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.

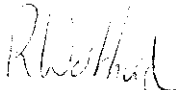


# QUINTAIN SERVICES LIMITED

## BALANCE SHEET AS AT 31 MARCH 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	9		-	8,837,533	
<b>Current assets</b>					
Debtors	10	20,871,720		9,780,458	
Cash at bank and in hand		4,432		34,088	
		<u>20,876,152</u>		<u>9,814,546</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,035,901)</u>		<u>(1,307,711)</u>	
<b>Net current assets</b>			<u>18,840,251</u>		<u>8,506,835</u>
<b>Total assets less current liabilities</b>			<u><u>18,840,251</u></u>		<u><u>17,344,368</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Profit and loss account	13		<u>18,840,249</u>		<u>17,344,366</u>
<b>Shareholders' funds</b>	14		<u><u>18,840,251</u></u>		<u><u>17,344,368</u></u>

Approved by the Board and authorised for issue on 31 January 2007

  
R J Worthington  
Director

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with all applicable accounting standards and the requirements of the Companies Act 1985, except as explained below.

Under the provision of FRS 1 (Revised), Cash Flow Statements, the Company has not prepared a cashflow statement because its ultimate parent company, Quintain Estates and Development PLC, which is incorporated in Great Britain, has prepared consolidated financial statements which include the financial statements of the Company for the year and which contain a cashflow statement.

#### 1.2 Changes in accounting policies

In these financial statements the following new standards have been adopted for the first time:

-FRS 21 'Events after the balance sheet date'

-The presentation requirements of FRS25 'Financial instruments: Disclosure and presentation'; and

-FRS 28 'Corresponding amounts'

As a result of the adoption of FRS 21 dividends paid during the year, where applicable, are no longer shown on the face of the profit and loss account but within the reconciliation of movements in shareholders' funds within the notes to the accounts. The adoption of these new standards has had no other material effect in either the current or prior year.

#### 1.3 Turnover

Turnover is stated net of VAT and comprises management fees receivable.

#### 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.

#### 1.5 Leasing

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

#### 1.6 Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that they are considered recoverable.

### 2 Turnover

	2006 £	2005 £
Management fees receivable	13,652,022	9,260,601

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

3	Operating loss	2006 £	2005 £
	Operating loss is stated after charging:		
	Operating lease rentals	387,088	21,182

Auditors' remuneration has been wholly borne by the ultimate parent company, Quintain Estates and Development PLC in the current year and prior period.

All of the directors who served during the year are also directors of the ultimate parent company. Their remuneration for services as directors to the group is wholly borne by and disclosed in the accounts of that company in the current and prior year.

4	Staff costs	2006 £	2005 £
	Wages and salaries	9,667,019	6,601,720
	Cost relating to share based payment schemes	1,371,466	1,045,808
	Social security costs	1,826,102	1,368,531
	Pension costs	688,889	602,426
	Other employment costs	866,970	261,731
		<u>14,420,446</u>	<u>9,880,216</u>
	Recognised in:		
	Cost of sales	13,001,926	8,819,620
	Administrative expenses	<u>1,418,520</u>	<u>1,060,596</u>
		<u>14,420,446</u>	<u>9,880,216</u>

The average number of employees during the year was 70 (2005: 61).

5	Interest receivable	2006 £	2005 £
	Intercompany interest	423,000	573,900
	Bank interest	6,573	-
	Other interest	3,612	7,372
		<u>433,185</u>	<u>581,272</u>

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

<b>6</b>	<b>Interest payable and similar charges</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	-	2
	Finance charges and related costs	734	535
	Other interest	5,905	-
		<u>6,639</u>	<u>537</u>
<b>7</b>	<b>Taxation</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	<b>Current tax charge</b>	<u>-</u>	<u>-</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>3,495,883</u>	<u>(225,076)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	<u>1,048,765</u>	<u>(67,523)</u>
	Effects of:		
	Tax losses utilised	230,436	67,523
	Profit on sale of tangible assets	(1,279,201)	-
		<u>(1,048,765)</u>	<u>67,523</u>
	<b>Current tax charge</b>	<u>-</u>	<u>-</u>
	Group relief has been (claimed)/surrendered for nil consideration.		
<b>8</b>	<b>Dividends</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Final dividend paid of £1,000,000 (2005:£nil) per ordinary share.	<u>2,000,000</u>	<u>-</u>

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 9 Tangible fixed assets

	Long leasehold property £
<b>Cost</b>	
At 1 April 2005	8,837,533
Additions	1,340,856
Disposals	(10,178,389)
At 31 March 2006	-
<b>Depreciation</b>	
At 1 April 2005 & at 31 March 2006	-
<b>Net book value</b>	
At 31 March 2006	-
At 31 March 2005	8,837,533

No depreciation was charged in the prior year as the property had not been brought into use at the year end.

10 Debtors	2006 £	2005 £
Amounts owed by parent and fellow subsidiary undertakings	20,799,089	9,694,896
Other debtors	72,631	85,562
	<u>20,871,720</u>	<u>9,780,458</u>

11 Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors	28,420	163,195
Amounts owed to parent and fellow subsidiary undertakings	-	77,584
Taxes and social security costs	1,667,816	979,012
Other creditors	16,643	2,768
Accruals and deferred income	323,022	85,152
	<u>2,035,901</u>	<u>1,307,711</u>

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

12 Share capital	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

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

	Profit and loss account £
Balance at 1 April 2005	17,344,366
Profit for the year	3,495,883
Dividends paid out	(2,000,000)
Balance at 31 March 2006	18,840,249

### 14 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(Loss) for the financial year	3,495,883	(225,076)
Dividends	(2,000,000)	-
Net addition to/(depletion in) shareholders' funds	1,495,883	(225,076)
Opening shareholders' funds	17,344,368	17,569,444
Closing shareholders' funds	18,840,251	17,344,368

### 15 Financial commitments

At 31 March 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2007:

	Land and buildings 2006 £	2005 £
Operating leases which expire:		
In over five years	820,000	-

# QUINTAIN SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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### 16 Control

The Company's parent company Quintain Estates and Development PLC. The results of the Company are consolidated within the group headed by Quintain Estates and Development PLC. Group financial statements are available on request from 16 Grosvenor Street, London W1K 4QF.

### 17 Related party transactions

The Company has taken advantage of the exemption in FRS 8, Related Party Disclosures, from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.