

Registered number: 02950066

## QUINTAIN SERVICES LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



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**QUINTAIN SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S G Carter J M E Saunders A A Dodd
<b>Company secretary</b>	F V Heazell
<b>Registered number</b>	02950066
<b>Registered office</b>	43-45 Portman Square London W1H 6LY
<b>Independent auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

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**QUINTAIN SERVICES LIMITED**

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## QUINTAIN SERVICES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

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#### Principal activities and business review

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

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

#### Key performance indicators, principal risks and uncertainties

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

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has amounts due from its parent Quintain Limited, which has net assets of £490.3m, as such the risk of default is minimal. The Company monitors this risk in line with its internal framework and takes necessary action where required.

#### Liquidity risk

Liquidity risk is the risk that the Company and the assets of the Company are finite. The Company has no debt instruments. The Company has taxation and trade creditor obligations, of which the current asset position is greater in the event of a liquidity call. The Company monitors this risk in line with its internal framework and takes necessary action where required.

#### Market risk

##### Currency risk:

The Company is not exposed to currency risk as all its financial instruments are denominated in Pounds Sterling.

##### Interest rate risk:

Intercompany debtors bear interest at variable rates, the variable rate moves in line with Bank of England cash rates. The Company monitors this risk in line with its internal framework and takes necessary action where required.

This report was approved by the board and signed on its behalf.



**S G Carter**  
Director

Date: 5/12/16

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**QUINTAIN SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their report and the financial statements for the year ended 31 March 2016. This is the first year in which financial statements have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework'.

**Results and dividends**

The profit for the year, after taxation, amounted to £761,294 (2015: £395,982).

The directors do not recommend payment of a dividend (2015: £Nil).

**Directors**

The directors who served during the year and up until the date of signing were: ✓

M D S James (resigned 27 June 2016)

S G Carter (appointed 26 May 2015)

J M E Saunders

A A Dodd (appointed 27 June 2016)

**Disclosure of information to auditor**


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Under section 487(2) of the Companies Act 2006, KPMG LLP are deemed to be reappointed as auditor.

This report was approved by the board and signed on its behalf.



**S G Carter**  
Director

Date: 5/12/16

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**QUINTAIN SERVICES LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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.

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## **QUINTAIN SERVICES LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN SERVICES LIMITED**

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We have audited the financial statements of Quintain Services Limited for the year ended 31 March 2016, set out on pages 6 to 16. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council'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 March 2016 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.

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**QUINTAIN SERVICES LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUINTAIN SERVICES LIMITED  
(CONTINUED)**

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**Opinion on other matters 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 those financial statements. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

**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.



Bill Holland (Senior statutory auditor)

for and on behalf of  
**KPMG LLP, Statutory auditor**

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: *19 December 2016*



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**QUINTAIN SERVICES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Note	2016 £	2015 £
Turnover	3	16,011,080	11,635,114
Cost of sales		<b>(15,246,806)</b>	(11,081,087)
<b>Gross profit</b>		<b>764,274</b>	554,027
Administrative expenses		<b>(3,021)</b>	(96,497)
<b>Operating profit</b>	4	<b>761,253</b>	457,530
Interest receivable and similar income	7	41	41
Interest payable and similar charges	8	-	(61,589)
<b>Profit before tax</b>		<b>761,294</b>	395,982
Tax on profit	9	-	-
<b>Profit for the year</b>		<b>761,294</b>	395,982
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>761,294</b>	395,982

The notes on pages 9 to 16 form part of these financial statements.


All amounts relate to continuing operations.

**QUINTAIN SERVICES LIMITED**  
**REGISTERED NUMBER: 02950066**

**BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
Tangible fixed assets	10	-	2,070
		-	2,070
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	8,148,472	5,687,456
Cash at bank and in hand		17,052	11,947
		<u>8,165,524</u>	<u>5,699,403</u>
Creditors: amounts falling due within one year	12	(4,484,463)	(2,781,706)
<b>Net current assets</b>		<u>3,681,061</u>	<u>2,917,697</u>
<b>Total assets less current liabilities</b>		<u>3,681,061</u>	<u>2,919,767</u>
<b>Net assets</b>		<u>3,681,061</u>	<u>2,919,767</u>
<b>Capital and reserves</b>			
Called up share capital	13	2	2
Profit and loss account		3,681,059	2,919,765
<b>Shareholders' funds</b>		<u>3,681,061</u>	<u>2,919,767</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S G Carter**  
Director

Date: 5/12/16

The notes on pages 9 to 16 form part of these financial statements.

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**QUINTAIN SERVICES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Share capital £	Profit and loss account £	Total equity £
At 1 April 2015	2	2,919,765	2,919,767
<b>Comprehensive income for the year</b>			
Profit for the year	-	761,294	761,294
<b>Total comprehensive income for the year</b>	-	761,294	761,294
<b>At 31 March 2016</b>	<b>2</b>	<b>3,681,059</b>	<b>3,681,061</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015**

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	Share capital £	Profit and loss account £	Total equity £
At 1 April 2014	2	2,523,783	2,523,785
<b>Comprehensive income for the year</b>			
Profit for the year	-	395,982	395,982
<b>Total comprehensive income for the year</b>	-	395,982	395,982
<b>At 31 March 2015</b>	<b>2</b>	<b>2,919,765</b>	<b>2,919,767</b>

The notes on pages 9 to 16 form part of these financial statements.

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## QUINTAIN SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis and under the historical cost convention. The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). These are the Company's first financial statements produced under FRS 101. In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. Information on the impact of first-time adoption of FRS 101 is given in note 16.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

##### 1.2 Revenue

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

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.3 Tangible fixed assets**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

**1.4 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## QUINTAIN SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.5 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the expected tax payable or receivable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

##### (ii) Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**3. Analysis of turnover**

An analysis of turnover by class of business is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Management fees receivable	<b>16,011,080</b>	11,635,114

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>2,070</b>	2,070
Operating lease rentals	-	207,500

Fees of £1,000 (2015: £700) paid to the Company's auditor, KPMG LLP, for the audit of the Company have been wholly borne by a parent company, Quintain Limited. This cost forms part of a group management fee from the parent in the current and prior years.

Fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed since the consolidated accounts of the parent are required to disclose non-audit fees on a consolidated basis.

**5. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>10,524,180</b>	7,788,666
Social security costs	<b>1,720,548</b>	1,438,076
Cost of defined contribution pension scheme	<b>686,023</b>	741,693
Other employment costs	<b>314,151</b>	400,943
	<b>13,244,902</b>	10,369,378

The average monthly number of employees, including the directors, during the year was as follows:

<b>2016</b>	<b>2015</b>
<b>No.</b>	<b>No.</b>
<b>90</b>	88

All employee costs relate to cost of sales in the current and prior year.

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**6. Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<b>3,613,356</b>	2,217,953
Company contributions to defined contribution pension schemes	<b>141,250</b>	174,819
	<b><u>3,754,606</u></b>	<b><u>2,392,772</u></b>

During the year retirement benefits were accruing to 3 directors (2015: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,033,656 (2015: £1,194,439).

**7. Interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<b>41</b>	41
	<b><u>41</u></b>	<b><u>41</u></b>

**8. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
On loans from group undertakings	<b>-</b>	61,589
	<b><u>-</u></b>	<b><u>61,589</u></b>



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QUINTAIN SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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9. Taxation

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%) as set out below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>761,294</u>	<u>395,982</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	152,259	83,156
<b>Effects of:</b>		
Disallowable expenditure	414	435
Surrender of group relief for nil consideration	<u>(152,673)</u>	<u>(83,591)</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

In the Budget on 8 July 2015, the Chancellor announced planned reductions in the UK corporation tax rate from 20% to 18% by 2020. These changes were substantively enacted on 26 October 2015. On 16 March 2016 he announced a further planned reduction to 17%.

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**10. Tangible fixed assets**

	<b>Fixtures and fittings £</b>
<b>Cost</b>	
At 1 April 2015	<b>10,350</b>
At 31 March 2016	<b>10,350</b>
<b>Depreciation</b>	
At 1 April 2015	<b>8,280</b>
Charge for period on owned assets	<b>2,070</b>
At 31 March 2016	<b>10,350</b>
<b>Net book value</b>	
At 31 March 2016	<b>-</b>
At 31 March 2015	<b>2,070</b>

**11. Debtors**

	<b>2016 £</b>	<b>2015 £</b>
Amounts owed by group undertakings	<b>7,875,634</b>	5,355,390
Other debtors	<b>173,061</b>	108,186
Prepayments and accrued income	<b>99,777</b>	223,880
	<b>8,148,472</b>	5,687,456

Amounts due from parent and fellow subsidiary undertakings are interest free and are repayable on demand.

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QUINTAIN SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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**12. Creditors: amounts falling due within one year**

	2016 £	2015 £
Trade creditors	3,642	415,517
Taxation and social security	181,991	328,510
Other creditors	207,948	154,306
Accruals and deferred income	4,090,882	1,883,373
	<u>4,484,463</u>	<u>2,781,706</u>

**13. Share capital**

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**14. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £686,023 (2015: £741,693).

**15. Controlling party**

At 31 March 2016 the Company's immediate parent was Quintain Limited (formerly Quintain Estates and Development PLC). On 25 September 2015, Quintain Estates and Development PLC was acquired by Bailey Acquisitions Limited, an investment vehicle indirectly controlled by Lone Star Real Estate Fund IV. The only group in which results of the Company are consolidated is that headed by Quintain Limited. Group financial statements are available on request from 43-45 Portman Square, London W1H 6LY.

**16. First time adoption of FRS 101**

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.