

Registered number: 02950066

**QUINTAIN SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**QUINTAIN SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J M E Saunders A A Dodd M B Jenkins
<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 PERIOD ENDED 31 DECEMBER 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.

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 a parent Quintain Limited, which has net assets of £694.8m, 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.



**M B Jenkins**  
Director

Date:

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**QUINTAIN SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the 9 month period ended 31 December 2016.

On 28 October 2016 Bailey Acquisitions Limited, a group member, undertook a refinancing. As a result of the new financing arrangements, the Company is a guarantor to the facility and the lenders have taken first charge security over the Company.

**Results and dividends**

The profit for the period, after taxation, amounted to £585,405 (March 2016 - £761,294).

The directors do not recommend payment of a dividend (March 2016 - £Nil).

**Directors**

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

M D S James (resigned 27 June 2016)  
S G Carter (resigned 13 January 2017)  
J M E Saunders  
A A Dodd (appointed 27 June 2016)  
M B Jenkins (appointed 13 January 2017)

**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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.



**M B Jenkins**  
Director

Date: 26/9/17

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**QUINTAIN SERVICES LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 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 period ended 31 December 2016, set out on pages 6 to 15. The relevant financial reporting framework that has been applied in their preparation is applicable law 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 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 2016 and of its profit for the period 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' Report:

- we have not identified material misstatements in these reports; and
- in our opinion, these reports have been prepared in accordance with 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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**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**

Chartered Accountants

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 29/9/2017

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**QUINTAIN SERVICES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	Note	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Turnover	3	12,218,634	16,011,080
Cost of sales		<b>(11,695,742)</b>	<b>(15,246,806)</b>
<b>Gross profit</b>		<b>522,892</b>	<b>764,274</b>
Administrative expenses		<b>(269)</b>	<b>(3,021)</b>
<b>Operating profit</b>	4	<b>522,623</b>	<b>761,253</b>
Interest receivable and similar income	7	<b>62,782</b>	<b>41</b>
<b>Profit before tax</b>		<b>585,405</b>	<b>761,294</b>
Tax on profit	8	-	-
<b>Profit for the financial period/year</b>		<b>585,405</b>	<b>761,294</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period/year</b>		<b>585,405</b>	<b>761,294</b>

The notes on pages 9 to 15 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	31 December 2016 £	31 March 2016 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	7,086,541	8,148,472
Cash at bank and in hand		17,069	17,052
		<u>7,103,610</u>	<u>8,165,524</u>
Creditors: amounts falling due within one year	10	(2,837,144)	(4,484,463)
<b>Net current assets</b>		<u>4,266,466</u>	<u>3,681,061</u>
<b>Total assets less current liabilities</b>		<u>4,266,466</u>	<u>3,681,061</u>
 <b>Net assets</b>		 <u><u>4,266,466</u></u>	 <u><u>3,681,061</u></u>
 <b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account		<u>4,266,464</u>	<u>3,681,059</u>
<b>Shareholder's funds</b>		<u><u>4,266,466</u></u>	<u><u>3,681,061</u></u>

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



**M B Jenkins**  
 Director

Date: 26/9/17

The notes on pages 9 to 15 form part of these financial statements.

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QUINTAIN SERVICES LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2016

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	2	3,681,059	3,681,061
<b>Comprehensive income for the period</b>			
Profit for the period	-	585,405	585,405
<b>Total comprehensive income for the period</b>	-	585,405	585,405
<b>At 31 December 2016</b>	<u>2</u>	<u>4,266,464</u>	<u>4,266,466</u>

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

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	Called up 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>	<u>2</u>	<u>3,681,059</u>	<u>3,681,061</u>

The notes on pages 9 to 15 form part of these financial statements.

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## QUINTAIN SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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#### 1. Accounting policies

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

The current financial period has been presented for the 9 month period ended 31 December 2016 and the comparative amounts for the statement of comprehensive income, statement of changes in equity and related notes are not entirely comparable. The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis. The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("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.

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 and 18A 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. Revenue is recognised on an accruals basis when services are provided.

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## QUINTAIN SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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#### 1. Accounting policies (continued)

##### 1.3 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 payment 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.

##### 1.4 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

###### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

###### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**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.

**3. Turnover**

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

	<b>Period ended 31 December 2016 £</b>	<b>Year ended 31 March 2016 £</b>
Management fees receivable	<b>12,218,634</b>	<b>16,011,080</b>

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

	<b>Period ended 31 December 2016 £</b>	<b>Year ended 31 March 2016 £</b>
Depreciation of tangible fixed assets	<b>-</b>	<b>2,070</b>

Fees of £1,000 (March 2016: £1,000) paid to the Company's auditor, KPMG LLP, for the audit of the Company have been wholly borne by a parent company, Quintain Limited.

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.

## QUINTAIN SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

#### 5. Employees

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

	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Wages and salaries	9,350,935	10,524,180
Social security costs	1,184,036	1,720,548
Cost of defined contribution pension scheme	674,702	686,023
Other employment costs	39,131	314,151
	<u>11,248,804</u>	<u>13,244,902</u>

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

Period ended 31 December 2016 No.	Year ended 31 March 2016 No.
<u>97</u>	<u>90</u>

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

#### 6. Directors' remuneration

	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Directors' emoluments	1,589,816	3,613,356
Company contributions to defined contribution pension schemes	75,716	141,250
Compensation for loss of office	365,000	-
	<u>2,030,532</u>	<u>3,754,606</u>

During the period retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £936,469 (2016 - £2,033,656).

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**7. Interest receivable and similar income**

	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Interest receivable from group companies	62,765	-
Bank interest receivable	17	41
	<u>62,782</u>	<u>41</u>

**8. Taxation**

**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is lower than (March 2016: lower than) the standard rate of corporation tax in the UK of 20% (March 2016 - 20%) as set out below:

	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Profit before tax	<u>585,405</u>	<u>761,294</u>
Profit multiplied by standard rate of corporation tax in the UK of 20% (March 2016 - 20%)	117,081	152,259
<b>Effects of:</b>		
Impact of tax allowance/disallowance	75,124	414
Surrender of group relief for nil consideration	<u>(192,205)</u>	<u>(152,673)</u>
<b>Total tax charge/(credit) for the period/year</b>	<u>-</u>	<u>-</u>

On March 16 2016 the chancellor announced a reduction in the Corporation Tax Rate to 17% effective from 1 April 2020. This was substantively enacted 6 September 2016 this will reduce the Company's future tax liability accordingly.

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**9. Debtors**

	<b>31 December 2016 £</b>	<b>31 March 2016 £</b>
Trade debtors	<b>37,580</b>	-
Amounts owed by group undertakings	<b>6,848,639</b>	7,875,634
Other debtors	<b>139,711</b>	173,061
Prepayments and accrued income	<b>60,611</b>	99,777
	<b><u>7,086,541</u></b>	<b><u>8,148,472</u></b>

Amounts owed to group undertakings bear interest at variable rates and are repayable on demand.

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

	<b>31 December 2016 £</b>	<b>31 March 2016 £</b>
Trade creditors	-	3,642
Other taxation and social security	<b>150,254</b>	181,991
Other creditors	<b>212,270</b>	207,948
Accruals and deferred income	<b>2,474,620</b>	4,090,882
	<b><u>2,837,144</u></b>	<b><u>4,484,463</u></b>

**11. Share capital**

	<b>31 December 2016 £</b>	<b>31 March 2016 £</b>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<b><u>2</u></b>	<b><u>2</u></b>

**12. 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 £674,702 (March 2016: £686,023).

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**QUINTAIN SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**13. Controlling party**

At 31 December 2016 the Company's immediate parent was Quintain Limited, registered address 43-45 Portman Square, London W1H 6LY, a subsidiary of Bailey Acquisitions Limited, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. The only group in which results of the Company are consolidated is that headed by Bailey Acquisitions Limited. Group financial statements are available on request from 43-45 Portman Square, London W1H 6LY. The ultimate controlling party is Lone Star Real Estate Fund IV, an entity incorporated in Bermuda.