Registered number: 02950066

QUINTAIN SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

QUINTAIN SERVICES LIMITED

COMPANY INFORMATION

Directors	J M E Saunders P S Slavin
Company secretary	F V Heazell
Registered number	02950066
Registered office	180 Great Portland Street London W1W 5QZ
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

QUINTAIN SERVICES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities and business review

The principal activity of the Company is the provision of management services to the Quintain group 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 company who perform services for 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 £715.2m. 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 are interest free and therefore the Company is not exposed to interest rate risk.

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

DocuSigned by:
Philip Slavin
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P S Slavin
Director

Date: 7/12/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £3,723,539 (2019 - £1,611,043).

During the year the Directors recommended the dividend payment of £nil (2019 - £nil).

Directors

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

J M E Saunders
M B Jenkins (resigned 31 December 2020)
P S Slavin (appointed 13 February 2020)

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in the office.

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

DocuSigned by:
Philip Slavin
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P S Slavin
Director

Date: 7/12/2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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 FRS 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;
- assess the company's ability to continure as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preperation of financial statements that are free from material misstatement, whether due to fraud and or error, and have the 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.

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

Opinion

We have audited the financial statements of Quintain Services Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 101 Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and

- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assessment. On this audit we do not believe there is a fraud risk related to revenue recognition because the company's income primarily arises from management fees with fixed, or highly predictable, periodic payments. We did not identify any additional fraud risks.

We performed procedures including:
- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation. These included those posted to unusual accounts;
- evaluating the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified the following areas as those most likely to have such an effect: health and safety and anti-bribery legislation, recognising the nature of Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context *of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements financial statements financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.
Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that reports has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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

The purpose of our audit work and to whom we owe our responsibilities

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.

Rajan Thakrar (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 9 December 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	3	**30,279,165**	28,614,443
Cost of sales		**(25,807,415)**	(25,843,997)
Gross profit	4	**4,471,750**	2,770,446
Interest receivable and similar income		**277**	1,068
Interest payable and expenses	7	**(208,336)**	(226,496)
Profit before tax		**4,263,691**	2,545,018
Tax on profit	8	**(540,152)**	(933,975)
Profit for the financial year		**3,723,539**	1,611,043
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,723,539**	1,611,043

The notes on pages 12 to 23 form part of these financial statements.

QUINTAIN SERVICES LIMITED
REGISTERED NUMBER: 02950066

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	9		**2,747,006**		2,942,028
			2,747,006		2,942,028
Current assets					
Debtors: amounts falling due within one year	10	**23,959,960**		17,747,927	
Bank and cash balances		**28,462**		-	
		23,988,422		17,747,927	
Creditors: amounts falling due within one year	11	**(17,625,576)**		(15,013,772)	
Net current assets			**6,362,846**		2,734,155
Total assets less current liabilities			**9,109,852**		5,676,183
Creditors: amounts falling due after more than one year	12		**(2,241,532)**		(2,531,402)
			6,868,320		3,144,781
Net assets			**6,868,320**		3,144,781
Capital and reserves					
Called up share capital	15		**2**		2
Profit and loss account			**6,868,318**		3,144,779
Shareholder's funds			**6,868,320**		3,144,781

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

DocuSigned by:
Philip Slavin
5860AFC216874AB...
P S Slavin
Director

Date: 7/12/2021
The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	2	3,144,779	3,144,781
Comprehensive income for the year			
Profit for the year	-	3,723,539	3,723,539
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,723,539	3,723,539
Total transactions with owners	-	-	-
At 31 December 2020	2	6,868,318	6,868,320

The notes on pages 12 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2	1,533,736	1,533,738
Comprehensive income for the year			
Profit for the year	-	1,611,043	1,611,043
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,611,043	1,611,043
Total transactions with owners	-	-	-
At 31 December 2019	2	3,144,779	3,144,781

The notes on pages 12 to 23 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared for the year ended 31 December 2020 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 Accounting Standards in conformity with requirements of the Companies Act 2006 ("Adopted IFRS's) 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 financial statements have been prepared under the historical cost convention.

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), 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

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company has inter-company debtors due from group subsidiaries of £22,114,661. The group subsidiary as well as the Company are dependent for its working capital on funds provided to it by Bailey Acquisitions Limited (Bailey), a parent undertaking. Bailey Acquisitions Limited is in turn reliant on parental support and has received an undertaking from a parent entity, LSREF IV Bailey Midco DAC that such support will be provided.

To assess Bailey and its group's going concern (the Group), cash flows were modelled for a period of at least 12 months and stress and scenario tests (including potential impacts from the ongoing COVID-19 pandemic) were applied to the Group's base case business plan. The stresses applied included covenant breaches and various reductions in operating cashflows. The Group refinanced it's senior and mezzanine debt in December 2020 and is financed through shareholder and external debt. The cash flow forecasts considered the ongoing financial obligations of those loans and the need to refinance in the future, together with the fact LSREF IV Bailey Midco DAC has provided the Group with an intention that for at least 12 months from the date of approval of thesefinancial statements, it will continue to make equity commitments available as required by the Group.

1. Accounting policies (continued)

(continued)

On that basis Bailey has indicated its intention that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are required by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

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.

1.3 *Leases*

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of rental payments as per the lease agreement signed with the lessor. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

1. Accounting policies (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Tangible fixed assets' and lease liabilities in 'Creditors: amounts falling due within one year' and 'Creditors: Amounts falling due after more than one year' in the statement of financial position.

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 a five year straight line basis.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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:

Office equipment	-	33% Straight line

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 in profit or loss.

1.5 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.6 Debtors

Debtors are recognised at invoiced values less provisions for impairment. The Company measures impairments at an amount equal to lifetime expected credit losses (ECL). The only material debtors held by the Company are from other Group entities and are repayable on demand. Therefore the current financial statement position of the subsidiary is integral in determine the ECL.

1. Accounting policies (continued)

1.7 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.

1.8 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.

1. *Accounting policies (continued)*

1.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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

The preparation of the financial statements under FRS101 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:

	2020	2019
	£	£
Management fees receivable	**29,996,397**	28,436,488
Insurance commission receivable	**282,768**	177,955

All turnover arose within the United Kingdom.

4. Gross profit

Fees of £1,020 (2019: £1,480) have been paid to the Company's auditor, KPMG LLP, for the audit of these financial statements.

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:

	2020 £	2019 £
Wages and salaries	**15,311,520**	17,245,245
Social security costs	**2,026,390**	2,326,781
Other employment costs	**196,609**	875,701
Cost of defined contribution scheme	**1,091,813**	934,580
	18,626,332	21,382,307

The average number of employees, including the directors, during the year was 160 (2019: 147).

6. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	**539,351**	3,083,934
Company contributions to defined contribution pension schemes	**85,233**	77,653
	624,584	3,161,587

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,164,708 (2019 - £1,733,476).

7. Interest payable and similar expenses

	2020 £	2019 £
Interest charge on value in use assets	**208,336**	226,496

8. Taxation

	2020 £	2019 £
Corporation tax		
Group relief payable	**499,195**	933,975
Adjustments in respect of previous periods	**56,518**	-
	555,713	933,975
Deferred tax		
Origination and reversal of timing differences	**(11,961)**	-
Adjustments in respect of prior periods	**(3,221)**	-
Effect of tax rate change on opening balance	**(379)**	-
Total deferred tax	**(15,561)**	-
Tax on profit	**540,152**	933,975

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) as set out below:

	2020 £	2019 £
Profit before tax	**4,263,691**	2,545,018
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	**810,101**	483,553
Effects of:		
Impact of tax allowance/disallowance	**(328,506)**	17,940
Prior year adjustment in respect of current tax	**56,518**	-
Deferred tax not recognised	**5,639**	386,956
Difference between current and deferred tax rates	**(379)**	45,526
Prior year adjustment in respect of deferred tax	**(3,221)**	-
Total tax charge for the year	**540,152**	933,975

The Group in which the company is a member has a policy of claiming / surrendering group relief for appropriate consideration.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax at 31 December 2020 (which has been calculated based on the rate of 19% substantively enacted at the balance sheet date).

9. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	IFRS 16 value in use asset - leasehold office £	Total £
Cost or valuation				
At 1 January 2020	**10,350**	**161,257**	**3,145,793**	**3,317,400**
Additions	**-**	**247,141**	**-**	**247,141**
At 31 December 2020	**10,350**	**408,398**	**3,145,793**	**3,564,541**
Depreciation				
At 1 January 2020	**10,350**	**15,490**	**349,532**	**375,372**
Charge for the year	**-**	**92,631**	**349,532**	**442,163**
At 31 December 2020	**10,350**	**108,121**	**699,064**	**817,535**
Net book value				
At 31 December 2020	**-**	**300,277**	**2,446,729**	**2,747,006**
At 31 December 2019	-	145,767	2,796,261	2,942,028

In the prior year, the Company recognised £3,145,793 of right of use assets as a result of the transition to IFRS 16 with the offsetting liability recognised in long term liabilities (see note 13).

10. Debtors

	2020 £	2019 £
Trade debtors	**207,829**	1,352,681
Amounts owed by group undertakings	**22,114,661**	15,555,089
Other debtors	**287,139**	32,043
Prepayments and accrued income	**1,334,770**	808,114
Deferred taxation	**15,561**	-
	23,959,960	17,747,927

Amounts owed by group undertakings are interest free and repayable on demand.

11. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	**406,789**	151,865
Corporation tax	**1,489,688**	933,975
Other taxation and social security	**4,856,935**	503,265
Finance lease liability	**289,870**	270,401
Other creditors	**238,466**	222,440
Accruals and deferred income	**10,343,828**	12,931,826
	17,625,576	15,013,772

12. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Finance lease liability	**2,241,532**	2,531,403
	2,241,532	2,531,403

13. Hire purchase and finance leases

	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
	December 2020 £	December 2020 £	December 2020 £	December 2019 £	December 2019 £	December 2019 £
Within one year	478,737	(188,867)	289,870	478,737	(208,336)	270,401
Between 1-2 years	478,737	(167,996)	310,741	478,737	(188,867)	289,870
Between 2-3 years	478,737	(145,623)	333,114	478,737	(167,996)	310,741
Between 3-4 years	478,737	(121,639)	357,098	478,737	(145,623)	333,114
Between 4-5 years	478,737	(95,928)	382,809	478,737	(121,639)	357,098
Over 5 years	957,474	(99,704)	857,770	1,436,211	(195,632)	1,240,579
	3,351,159	(819,757)	2,531,402	3,829,896	(1,028,093)	2,801,803

14. Deferred taxation

	2020 £
Charged to profit or loss	15,561
At end of year	15,561

14. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	**15,561**	-
	15,561	-

The company has a recognised net deferred tax asset of £0.02m (2019: £nil) comprising of accelerated capital allowances.

The company has an unrecognised deferred tax asset of £5,639 (2019: £nil) comprising of capital allowances that are unlikely to be realised in the short to medium term.

15. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

16. Controlling party

At 31 December 2020 the Company's immediate parent was QL Management Holdings Ltd, registered address 180 Great Portland Street, London W1W 5QZ, a subsidiary of Bailey Acquisitions Limited, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. The only groups in which results of the Company are consolidated are those headed by Bailey Acquisitions Limited and Quintain Finance Limited, both incorporated in Jersey, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. Group financial statements are available on request from 180 Great Portland Street, London W1W 5QZ. The ultimate controlling party is Lone Star Real Estate Fund IV, an entity incorporated in Bermuda.