

## **Quartet Portfolio Limited**

Report and Financial Statements

Year Ended

31 December 2008

**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

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# **Quartet Portfolio Limited**

**Annual report and financial statements  
for the year ended 31 December 2008**

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## **Directors**

J Newiss  
G I S Wilson  
P Roscrow  
G J McCabe

## **Secretary and registered office**

C Christofi, 11th Floor East, 33 Cavendish Square, London, W1G 0PW.

## **Company number**

4797504

## **Auditors**

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

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# **Quartet Portfolio Limited**

## **Report of the directors for the year ended 31 December 2008**

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

### **Results**

The profit and loss account is set out on page 5 and shows the profit for the year.

### **Principal activities, trading review and future developments**

The principal activity of the company is property investment through its interest in the Quartet Partnership, a general partnership, which had interests in investment properties in the British Isles. The members of Quartet Partnership are intending to liquidate the partnership upon receipt of the outstanding debts and payment of its outstanding liabilities. At such point a final distribution will be made to the partners in line with the partnership agreement.

The company has conducted its investment activities satisfactorily during the year and is expected to continue to do so.

### **Directors**

The directors of the company during the year were:

B Anderson	(resigned 15 June 2009)
J Newiss	
G I S Wilson	
P Roscrow	
G C Sellar	(resigned 30 January 2009)
G J McCabe	(appointed 2 July 2009)

### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

# Quartet Portfolio Limited

## Report of the directors for the year ended 31 December 2008 *(Continued)*

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

### By order of the Board

C Christofi

  
Secretary

Date 9 SEPTEMBER 2009

# **Quartet Portfolio Limited**

## **Report of the independent auditors**

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### **To the shareholders of Quartet Portfolio Limited**

We have audited the financial statements of Quartet Portfolio Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Quartet Portfolio Limited

## Report of the independent auditors (*Continued*)

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### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP.*

**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
London

9 September 2009

# **Quartet Portfolio Limited**

## **Profit and loss account for the year ended 31 December 2008**

	Note	2008 £	2007 £
Share of profit in partnership		75,029	289,889
<b>Operating profit</b>	2	75,029	289,889
Interest receivable		231,326	229,414
Interest payable and similar charges	3	(18,535)	-
<b>Profit on ordinary activities before taxation</b>		287,820	519,303
Taxation on ordinary activities	4	(20,017)	15,846
<b>Profit on ordinary activities after taxation</b>		267,803	535,149

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 11 form part of these financial statements.

## Quartet Portfolio Limited

### Reconciliation of movements in shareholders' funds for the year ended 31 December 2008

	2008 £	2007 £
Profit for the financial year	267,803	535,149
Dividends	(267,803)	(535,149)
	-	-
Opening shareholders' funds	100	100
Closing shareholders' funds	100	100

There were no other recognised gains and losses other than the profit for the year.

The notes on pages 8 to 11 form part of these financial statements.

# Quartet Portfolio Limited

## Balance sheet at 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Investment in partnership	5		115,197		118,223
<b>Current assets</b>					
Debtors	6	-		67,775	
Cash at bank		439,425		5,789,741	
		<u>439,425</u>		<u>5,857,516</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>554,522</u>		<u>5,975,639</u>	
<b>Net current liabilities</b>			(115,097)		(118,123)
<b>Total assets less current liabilities</b>			<u>100</u>		<u>100</u>
<b>Capital and reserves</b>					
Called up share capital	8		100		100
Profit and loss account	9		-		-
<b>Shareholders' funds - equity</b>			<u>100</u>		<u>100</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors and authorised for issue on 9 SEPTEMBER 2009

G Wilson  
Director

The notes on pages 8 to 11 form part of these financial statements.

# Quartet Portfolio Limited

## Notes forming part of the financial statements for the year ended 31 December 2008

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Interest in partnership*

The company accounts for its investments in partnerships using the equity method whereby the original cost of the investment is adjusted for changes in the value of the underlying net assets.

#### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

No provision is made for taxation which would become payable under present legislation in the extent of the realisation of the property portfolio at the valuations at which they are stated in the financial statements unless such liability is expected to crystallise in the foreseeable future.

### 2 Operating profit

Auditors' remuneration is charged to Quartet Partnership and is disclosed in the financial statements of the partnerships.

None of the directors received any emoluments from the company during the year.

### 3 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	1	-
Finance fees	18,534	-
	<hr/>	<hr/>
	18,535	-
	<hr/>	<hr/>

# Quartet Portfolio Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 4 Taxation on profit from ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax on profit of the year	61,080	50,001
Adjustment in respect of prior periods	(41,063)	(65,847)
	<hr/>	<hr/>
Total current tax charge/(credit)	20,017	(15,846)
	<hr/>	<hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	287,820	519,303
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	82,029	155,791
Effects of:		
Indexation allowances	-	(107,229)
Non-allowable expenses	1,357	19,154
Income not subject to corporation tax	-	(17,715)
Adjustment in respect of prior periods	(41,063)	(65,847)
Small companies relief	(22,306)	-
	<hr/>	<hr/>
Current tax charge/(credit) for year	20,017	(15,846)
	<hr/>	<hr/>

## 5 Investment in partnership

	2008 £	2007 £
Profit distributions from Quartet Partnership	(78,055)	(3,179,743)
Share of profits of partnership for the year	75,029	289,889
	<hr/>	<hr/>
Opening investment in partnership	(3,026) 118,223	(2,889,854) 3,008,077
	<hr/>	<hr/>
Closing investment in partnership	115,197	118,223
	<hr/>	<hr/>

The investment above represents the company's investment in the Quartet Partnership, a general partnership whose head office is the same as the company's and was formed to invest in real estate in the British Isles.

# **Quartet Portfolio Limited**

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## **6 Debtors**

	2008 £	2007 £
Other debtors	-	18,534
Corporation tax	-	49,241
	<hr/>	<hr/>
	-	67,775
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

## **7 Creditors: amounts falling due within one year**

	2008 £	2007 £
Corporation tax	61,080	-
Accruals and deferred income	10,000	10,000
Other creditors	18,314	18,314
Dividends payable	465,128	5,947,325
	<hr/>	<hr/>
	554,522	5,975,639
	<hr/>	<hr/>

## **8 Share capital**

	Authorised Number	Allotted, called up and fully paid Number
Ordinary 'A' shares of £1 each	49	49
Ordinary 'B' shares of £1 each	49	49
Ordinary 'C' shares of £1 each	2	2
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

The holders of the ordinary 'A' shares in the company are entitled to all of the profits available for distribution. The holders of the ordinary 'B' and ordinary 'C' shares are not entitled to receive any dividend or other distribution.

# Quartet Portfolio Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 9 Reserves

	Profit and loss £
At 1 January 2008	-
Profit for the year	267,803
Dividend	(267,803)
	<hr/>
At 31 December 2008	-
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The company is obliged by its Articles of Association to declare a dividend in the amount of all profits available for distribution as defined in section 263(3) of the Companies Act 1985 and such profits are required to be paid within six months of the end of the accounting year.

The holders of the ordinary 'B' and ordinary 'C' shares are not entitled to receive any dividend or other distribution.

## 10 Related party transactions

During the year, interest of £Nil (2007 - £94,314) was charged to the Quartet Partnership, a general partnership in which the company has an interest.

During the year, interest of £Nil (2007 - £Nil) was charged to the profit and loss account as loan note interest. Both the loan notes and ordinary 'A' shares are controlled by HBOS plc.

## 11 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.

## 12 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is 'small' under the Companies Act 1985.