

Quartermile Management Services Limited

Annual report and financial statements for the year ended 31 December 2012

Company number: SC334580

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Quartermile Management Services Limited

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Quartermile Management Services Limited

Directors

Directors

Paul Curran

Michael Milligan

Steven Hall

Company secretary

Michael Milligan

Registered office

Quartermile Two

2 Lister Square

Edinburgh

EH3 9GL

Registration number

SC334580

Quartermile Management Services Limited

Directors' report for the year ended 31 December 2012

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2012. In this report, the term 'Group' refers to Avant Homes Holdings Limited (formerly Gladedale Limited) and its subsidiary undertakings, 'Commercial Group' refers to Gladedale Commercial Group Limited and its subsidiaries. The 'Company' refers to Quartermile Management Services Limited.

Principal activities

The Company's principal activity is to provide development and construction management services. The company is currently engaged in providing those services to Quartermile Ventures Ltd in relation to the luxury mixed use development, Quartermile, Edinburgh.

Review of business and future developments

The profit and loss account is set out on page 6 and shows an operating profit for the year of £63,000 (2011: £nil).

The directors do not recommend the payment of a final dividend (2011: £nil). Accordingly, the profit for the financial year of £63,000 (2011: £nil) has been transferred to reserves

The staff employed in the Company provided management and support principally for the prestigious Quartermile development in Edinburgh. In January 2012 all staff were transferred from a fellow subsidiary, Gladedale Capital Limited.

As disclosed in note 13, on 24 September 2013, the entire share capital of its immediate parent company, Quartermile Ventures Limited (formerly Gladedale Ventures Limited), was acquired by QM Edinburgh Limited, a Scottish company ultimately owned by a UK-focused real estate fund and a US based investor.

Principal risks and uncertainties

At the balance sheet date the Company was a member of the Commercial Group and its risks, which are managed on a Commercial Group basis, are disclosed in the consolidated financial statements of Gladedale Commercial Group Limited.

Financial instruments and risk management

Working capital requirements are principally satisfied from cash generated by the Company and through equity funding.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs beyond those ascertainable from the financial statements is not necessary for an understanding of the development, performance or position of the business.

Post Balance Sheet Event

On 24 September 2013 the entire share capital of the Company's immediate parent, along with that of a sister subsidiary, Quartermile Estates Limited, was acquired by QM Edinburgh Limited. On this date the Company was released from the cross guarantee and debenture instruments with the Bank of Scotland plc in relation to its banking facilities. The Company entered into a fixed and standard floating charge over some of its assets in relation to a deferred consideration payment.

Following the acquisition QM Edinburgh Limited subscribed for additional equity of £10,350,000 in the Company's parent.

Quartermile Management Services Limited

Directors' report for the year ended 31 December 2012

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Neil Fitzsimmons (resigned 24 September 2013)

Paul Curran

Michael Milligan

Elizabeth Catchpole (appointed 20 June 2012, resigned 24 September 2013)

Steven Hall (appointed 24 September 2013)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

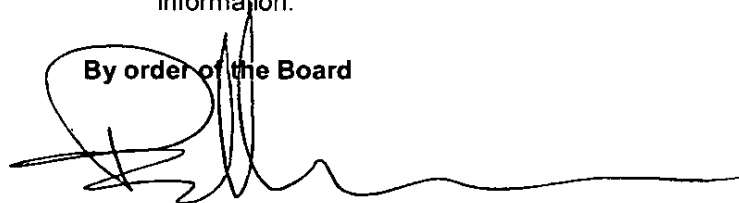
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Paul Curran

Director

30 SEPTEMBER 2013

Quartermile Management Services Limited

Independent auditors' report to the members of Quartermile Management Services Limited

We have audited the financial statements of Quartermile Management Services Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

Opinion on other matter 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 the financial statements.

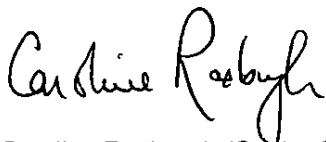
Quartermile Management Services Limited

Independent auditors' report to the members of Quartermile Management Services Limited

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.



Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
11 October 2013

Quartermile Management Services Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	2,212	-
Cost of sales		-	-
Gross profit		2,212	-
Administrative expenses		(2,149)	-
Profit on ordinary activities before taxation	3	63	-
Taxation on profit on ordinary activities	5	-	-
Profit for the financial year	9	63	-

All amounts relate to continuing activities.

There were no recognised gains or losses in either financial year other than the profit for the financial years as shown above.

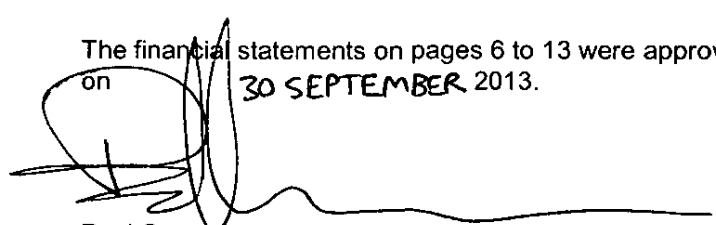
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

Quartermile Management Services Limited

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Current assets			
Debtors	6	266	-
Cash at bank and in hand		266	-
		532	-
Creditors: amounts falling due within one year	7	(469)	-
Net assets		63	-
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	63	-
Total shareholder's funds	10	63	-

The financial statements on pages 6 to 13 were approved by the Board and authorised for issue on **30 SEPTEMBER 2013**.


Paul Curran
Director
Quartermile Management Services Limited
Registered number: SC334580

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

At the balance sheet date, the Company was a wholly owned subsidiary of Avant Homes Holdings Limited (formerly Gladedale Limited), and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension costs

Defined contributions scheme

The Company participates in a Group-wide defined contribution pension scheme. Pension costs are charged to the profit and loss account on an accruals basis.

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall due within the Company's ordinary activities, after deduction of discounts and value added tax. The turnover and profit on ordinary activities before taxation, all of which arises in the United Kingdom, is attributable to the Company's principal activity that of property dealing, property investment and development.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation	2012	2011
is arrived at after charging:	£'000	£'000
Auditors' remuneration:		
- audit	5	-

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

4 Employees and directors

	2012	2011
Staff costs during the year (including directors' remuneration) consists of:	£'000	£'000
Wages and salaries	1,622	-
Social security costs	162	-
Other pension costs	53	-
	1,837	-

	2012	2011
Monthly average number of persons employed (including executive directors):	Number	Number
Management and staff	36	-

All staff were transferred from a fellow subsidiary, Gladedale Capital Limited, on 1 January 2012.

There were no outstanding or prepaid contributions to the defined contribution pension scheme at the end of the financial year.

Two of the directors of the Company are also executives of the fellow Group undertaking, Avant Homes Limited (formerly Gladedale Residential Group Limited) and the ultimate parent undertaking, Avant Homes Holdings Limited (formerly Gladedale Limited). It is not practicable to allocate their total remuneration between their services as executives of the Group and their services as directors of the other companies within the group headed by Avant Homes Holdings Limited (formerly Gladedale Limited).

The directors' remuneration disclosed below relates to the directors who are remunerated through the Company and included in the staff costs above.

	2012	2011
Directors' remuneration	£'000	£'000
Directors' emoluments	270	-
Contributions to pension scheme	16	-
	286	-

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

4 Employees and directors (continued)

	2012	2011
	£'000	£'000
Highest paid director		
Directors' emoluments	163	-
Contributions to pension scheme	11	-
	174	-

5 Taxation on profit on ordinary activities

	2012	2011
	£'000	£'000
UK corporation tax		
UK corporation tax on profit in year	-	-
Total current tax	-	-

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011: 26.5%). The differences are explained below:

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	63	-
Profit on ordinary activities at the standard rate corporation tax in the UK of 24.5% (2011: 26.5%)	15	-
Effect of:		
Group relief	(15)	-
Current tax charge for the year	-	-

Factors affecting current and future tax charges:

The main rate of corporation tax changed to 24% with effect from 1 April 2012. The 2012 Finance Bill included legislation to reduce the main rate of corporation to 23% with effect from 1 April 2013. There are proposed reductions in the main rate of corporation tax to 21% by 2014 which are expected to be enacted separately each year.

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

6 Debtors

	2012	2011
	£'000	£'000
Trade debtors	15	-
Amounts owed by Group undertakings	215	-
Prepayments and accrued income	36	-
	266	-

All amounts shown under debtors fall due for payment within one year. Included within other debtors is £1 of unpaid share capital (2011: £1).

Amounts owed by Group undertakings carry no interest or security and are repayable on demand.

7 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	2	-
Amounts owed to Group undertakings	110	-
Taxation and social security	102	-
Accruals and deferred income	255	-
	469	-

Amounts owed to Group undertakings carry no interest or security and are repayable on demand.

8 Called up share capital

	2012	2011
	£'000	£'000
Allotted, called up and fully paid:		
1 (2011: 1) ordinary share of £1 each	-	-

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

9 Profit and loss account

	Profit and loss account £'000
At 1 January 2012	-
Profit for the financial year	63
At 31 December 2012	63

10 Reconciliation of movements in total shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	63	-
Opening total shareholder's funds	-	-
Closing total shareholder's funds	63	-

11 Contingent liabilities

On 28 June 2012, the Company along with other Group member and related companies entered into cross guarantee and debenture instruments with the Bank of Scotland plc guaranteeing and securing the liabilities in relation to their banking facilities. The aggregate amount outstanding at 31 December 2012 under these facilities was £339,765,788.

12 Related party transactions

The Company is a wholly owned subsidiary of Quartermile Ventures Limited (formerly Gladedale Ventures Limited). Avant Homes Holdings Limited (formerly Gladedale Limited), the ultimate parent undertaking, has prepared consolidated financial statements for the year ended 31 December 2012 and therefore the Company has relied on the exemptions contained within Financial Reporting Standard No. 8 in respect of the disclosure of related party transactions. There are no other related parties transactions that require disclosure in these financial statements.

Quartermile Management Services Limited

Notes to the financial statements for the year ended 31 December 2012

13 Post Balance Sheet Event

On 24 September 2013 the entire share capital of the Company's parent, along with that of a sister subsidiary, Quartermile Estates Limited, was acquired by QM Edinburgh Limited. On this date the Company was released from the cross guarantee and debenture instruments with the Bank of Scotland plc in relation to its banking facilities. The Company entered into a fixed and standard floating charge over some of its assets in relation to a deferred consideration payment.

Following the acquisition QM Edinburgh Limited subscribed for additional equity of £10,350,000 in the Company's parent.

14 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Quartermile Ventures Limited (formerly Gladedale Ventures Limited). At the balance sheet date, the Company's shares were pledged to HSDL Nominees Limited, a nominee of Bank of Scotland plc, as security for the Group's long term funding arrangements.

At the balance sheet date, the ultimate parent undertaking and controlling party was Avant Homes Holdings Limited (formerly Gladedale Limited), a company registered in England and Wales. Avant Homes Holdings Limited (formerly Gladedale Limited) is the largest and Gladedale Commercial Group Limited is the smallest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements of Avant Homes Holdings Limited (formerly Gladedale Limited) are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

At the date of approval of these financial statements the Company is a wholly owned subsidiary of QM Edinburgh Limited. The ultimate parent undertaking and controlling party is BG-MF Investments Limited Partnership, a Delaware Limited Partnership.