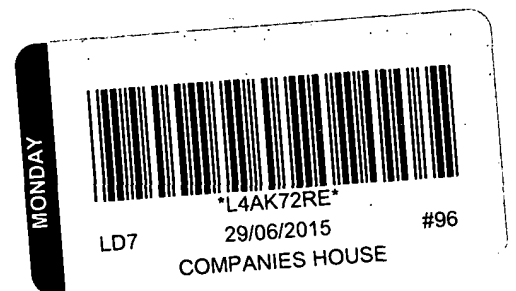


Company Registration No. 01092703

Hanover Management Services Limited

Report and Financial Statements

31 December 2014



Hanover Management Services Limited

Report and financial statements 2014

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Hanover Management Services Limited

Report and financial statements 2014

Officers and professional advisers

Directors

M S Gorvy
J P Kennedy
T Moross
S J Poole

Secretary

J P Kennedy

Registered Office

16 Hans Road
London
SW3 1RT

Auditor

Deloitte LLP
Chartered Accountants & Statutory auditor
London
United Kingdom

Hanover Management Services Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under s415a of the Companies Act 2006.

Business review and principal activities

The company's principal activity is that of providing company management and secretarial services. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts (Note 1).

The results for the year are shown on page 7 of the financial statements. The retained profit for the year is £2,043,383 (2013: £19,668,572). The position at the year end is set out on page 9 of the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 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 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; 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 adequate accounting records that are sufficient to show and explain the company's transactions 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Hanover Management Services Limited

Directors' report (continued)

Dividends

No interim dividend was paid during the year (2013: £nil) and no final dividend is recommended (2013: £nil).

Directors

The present directors are shown on page 1. All directors except Nicholas Schoenfeld who was appointed on 01 July 2014 and resigned on the 05 January 2015, served throughout the year and subsequently.

Directors indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

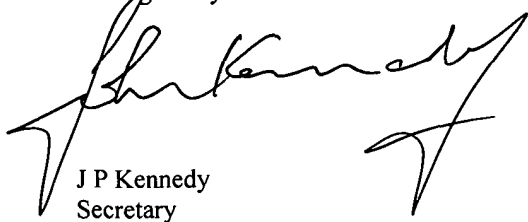
Donations

Donations to UK charities amounted to £32,950 (2013: £25,745).

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



J P Kennedy
Secretary

29th June 2015

Independent auditor's report to the members of Hanover Management Services Limited

We have audited the financial statements of Hanover Management Services Limited for the year ended 31 December 2014 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 15. 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).

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, 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

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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 matters prescribed in 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

Independent auditor's report to the members of Hanover Management Services Limited (continued)

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; or
- the directors were entitled to take advantage of the small companies exemption in preparing the Strategic Report and the Directors' Report.



Helen George ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

29th June 2015

Hanover Management Services Limited

Profit and loss account Year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover		-	-
Administrative expenses		<u>(10,056,028)</u>	<u>(12,862,885)</u>
Operating loss	3	(10,056,028)	(12,862,885)
Interest payable and similar charges	4	(28,791)	(569,740)
Interest receivable and similar income	5	<u>10,000,000</u>	<u>30,000,071</u>
(Loss)/profit on ordinary activities before taxation		(84,819)	16,567,446
Tax credit on (loss)/profit on ordinary activities	6	2,128,202	3,101,126
Retained profit for the financial year	12	<u><u>2,043,383</u></u>	<u><u>19,668,572</u></u>

All activities derive from continuing operations.

There were no gains or losses other than the loss for the current year and profit in the previous year, accordingly no statement of total recognised gains and losses has been prepared.

Hanover Management Services Limited

Reconciliation of movements in shareholders' funds Year ended 31 December 2014

	2014 £	2013 £
Profit for the financial year	2,043,383	19,668,572
Net increase in shareholders' funds	2,043,383	19,668,572
Opening shareholders' funds/(deficit)	2,710,940	(16,957,532)
Closing shareholders' funds	<u>4,754,323</u>	<u>2,710,940</u>

Hanover Management Services Limited

Balance sheet 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	60,482	19,465
Investments	8	20	20
		<u>60,502</u>	<u>19,485</u>
Current assets			
Debtors due within one year	9	159,173	256,999
Debtors due after more than one year	9	8,968,681	8,811,797
Cash at bank and in hand		45,416	8,508
		<u>9,173,270</u>	<u>9,077,304</u>
Creditors: amounts falling due within one year	10	<u>(4,479,349)</u>	<u>(6,385,749)</u>
Net current assets		<u>4,693,921</u>	<u>2,691,555</u>
Total assets less current liabilities		<u>4,754,423</u>	<u>2,711,040</u>
		<u>4,754,423</u>	<u>2,711,040</u>
Net assets			
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	4,754,323	2,710,940
		<u>4,754,423</u>	<u>2,711,040</u>
Shareholders' funds		<u>4,754,423</u>	<u>2,711,040</u>

The financial statements of Hanover Management Services Limited Company Registration No. 01092703 were approved by the Board of Directors on 29th June 2015.

Signed on behalf of the Board of Directors


T Moross
Director


J P Kennedy
Director

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current and preceding financial years.

After due consideration of the recent economic climate, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Basis of consolidation

The company is exempt from preparing consolidated accounts under the Companies Act 2006 because it is a wholly-owned subsidiary of an EC parent, as disclosed in note 15 of the financial statements. These financial statements present information as an individual undertaking and not as a group.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years
Leasehold improvements	5 years

Taxation

Corporation tax is payable on taxable profits at current rates.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

1. Accounting policies (continued)

Pension scheme

The company is a member of the Hanover Acceptances Limited Group Pension Scheme, which is a defined benefit scheme covering certain employees. As the employer is unable to identify its share of the underlying assets and liabilities, the scheme is treated as if it were a defined contribution scheme and the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Independent actuarial valuations of the scheme are made every three years. Further details of the scheme are disclosed in note 3.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment.

2. Information regarding directors and employees

	2014 £	2013 £
Directors' emoluments	3,136,469	4,400,111
Pension contributions	71,665	127,918
	<u>3,208,134</u>	<u>4,528,029</u>

The emoluments of the highest paid director, excluding pension contributions of £nil (2013: £nil), were £1,674,792 (2013: £1,820,178).

There are no retirement benefits accruing to directors under a defined benefit scheme (2013: none).

Pension – Defined benefit scheme

The company is a member of the Hanover Acceptances Limited Group Pension Scheme. The Hanover Acceptances Group Pension Scheme is a contracted out final salary defined benefit pension scheme for employees in the UK.

As the scheme is treated as if it were a defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to the actuarial risks associated with current and former employees of other entities participating in the Hanover Acceptances Group Pension Scheme. A review of the whole fund was prepared at 31 December 2014 by an independent qualified actuary for the purposes of FRS 17 (Retirement Benefits). At that date there was a net excess of liabilities over assets of approximately £12.5m (2013: £7.5m).

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

2. Information regarding directors and employees (continued)

Full disclosures in accordance with the requirements of FRS17 (Retirement Benefits) are detailed in the financial statements of Hanover Acceptances Limited.

	2014 £	2013 £
Employee costs during the year including directors' emoluments were:		
Wages and salaries	5,801,220	8,418,271
Social security	799,304	1,160,457
Other pension costs	1,353,138	1,367,125
	<u>7,953,662</u>	<u>10,945,853</u>
	No.	No.
Average number of persons employed	<u>15</u>	<u>15</u>

3. Operating loss

	2014 £	2013 £
Operating loss is stated after charging:		
Auditor's remuneration:		
fees paid to the Company's auditor for the audit of the company's annual accounts	4,000	4,000
Other services in relation to tax	-	34,025
Depreciation – owned assets	<u>30,275</u>	<u>31,665</u>

4. Interest payable and similar charges

	2014 £	2013 £
Bank interest payable	7,396	3,992
Loans from group undertakings	<u>21,395</u>	<u>565,748</u>
	<u>28,791</u>	<u>569,740</u>

5. Interest receivable and similar income

	2014 £	2013 £
Other interest receivable	-	71
Dividend from subsidiary undertaking	<u>10,000,000</u>	<u>30,000,000</u>
	<u>10,000,000</u>	<u>30,000,071</u>

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

6. Tax credit on (loss)/profit on ordinary activities

	2014 £	2013 £
UK corporation tax credit at 23% and 21% (2013: 23% and 24%)	(2,125,572)	(3,101,126)
Prior year adjustment	(2,630)	-
	<u>(2,128,202)</u>	<u>(3,101,126)</u>

Finance Act 2013 provided for a reduction in the main rate of corporation tax to 20% effective from 1 April 2015.

The effective rate of corporation tax for the year varies from the standard rate in the United Kingdom as applied to the company's pre-tax loss for the reasons analysed below.

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(84,818)</u>	<u>16,567,446</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom	(18,230)	3,851,364
Expenses not deductible for tax purposes	42,849	19,362
Income not assessable to tax	(2,149,315)	(6,973,973)
Prior year adjustment	(2,630)	-
Capital allowances in excess of depreciation	(876)	-
Depreciation in excess of capital allowances	-	2,121
Current tax credit for the year	<u>(2,128,202)</u>	<u>(3,101,126)</u>

7. Tangible fixed assets

	Furniture and fittings £	Office equipment £	Motor vehicles £	Computer equipment £	Leasehold improve- ments £	Total £
Cost						
At 1 January 2014	134,760	89,570	66,615	390,154	1,356,867	2,037,966
Additions	2,717	42,707	-	25,869	-	71,293
At 31 December 2014	<u>137,477</u>	<u>132,277</u>	<u>66,615</u>	<u>416,023</u>	<u>1,356,867</u>	<u>2,109,259</u>
Accumulated depreciation						
At 1 January 2014	130,765	89,325	66,615	374,929	1,356,867	2,018,501
Charge for year	1,772	8,623	-	19,881	-	30,276
At 31 December 2014	<u>132,537</u>	<u>97,948</u>	<u>66,615</u>	<u>394,810</u>	<u>1,356,867</u>	<u>2,048,777</u>
Net book value						
At 31 December 2014	<u>4,940</u>	<u>34,329</u>	<u>-</u>	<u>21,213</u>	<u>-</u>	<u>60,482</u>
At 31 December 2013	<u>3,995</u>	<u>245</u>	<u>-</u>	<u>15,225</u>	<u>-</u>	<u>19,465</u>

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

8. Fixed asset investments

	2014	2013
	£	£
Shares in group undertakings		
Balance at 1 January 2014 and 31 December 2014	20	20

The company owns 100 'A' deferred shares of 10p in each of British Consolidated Investments Corporation Limited and Tamoa Limited, both companies being incorporated in Great Britain and registered in England and Wales. The principal activity of both companies is that of a holding company.

The investments held represent 100% of the issued shares in that class, which represent 100% of the voting rights and are held at cost which, in the opinion of the directors, is lower than the value of the investments.

9. Debtors

	2014		2013	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Amounts owed by group undertakings:				
- Intermediate parent undertaking	-	8,962,509	-	8,805,625
- Fellow subsidiary undertakings	-	6,172	-	6,172
Other debtors	54,611	-	68,207	-
Prepayments and accrued income	104,562	-	188,792	-
	<u>159,173</u>	<u>8,968,681</u>	<u>256,999</u>	<u>8,811,797</u>

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank overdraft	660,881	844,652
Trade creditors	549,186	1,652,788
Accruals and deferred income	3,269,282	3,888,309
	<u>4,479,349</u>	<u>6,385,749</u>

The bank overdraft bears interest at rates related to LIBOR and is secured by charges over certain land and buildings and certain property stock owned by fellow subsidiary undertakings.

Hanover Management Services Limited

Notes to the Financial Statements Year ended 31 December 2014

11. Called up share capital

	2014	2013
	£	£
Authorised, called up, allotted and fully paid: 100 ordinary shares of £1 each	100	100

12. Reconciliation of movement on reserves

	Profit and loss account £
Balance at 1 January 2014	2,710,940
Retained profit for the year	2,043,383
Balance at 31 December 2014	4,754,323

13. Ultimate parent undertaking

The company's ultimate parent company and controlling party is Quadriga International Limited, a company incorporated in the British Virgin Islands.

The company is a subsidiary of its immediate parent undertaking Hanover Acceptances Limited, a company incorporated in Great Britain and registered in England and Wales. Hanover Acceptances Limited is the largest and smallest group for which consolidated financial statements are prepared.

Copies of the financial statements of Hanover Acceptances Limited are available from the Company Secretary, 16 Hans Road, London SW3 1RT.

14. Related party transactions

The company has taken advantage of the exemption from the disclosure of related party transactions with entities that are part of the group in accordance with Paragraph 3(c) of Financial Reporting Standard No. 8.

15. Cash flow statement

The company is a wholly-owned subsidiary of Hanover Acceptances Limited and the cash flows of the company are included in the consolidated cash flow statement of Hanover Acceptances Limited. Consequently the company is exempt under financial Reporting Standard No. 1 (Revised) from the requirement to prepare a cash flow statement.