

**HOME EQUITY FUNDING LIMITED**  
**DIRECTOR'S REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MAY 2000**



# HOME EQUITY FUNDING LIMITED

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# HOME EQUITY FUNDING LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Cliffside Investments Limited
<b>Secretary</b>	Greenbriar Secretarial Limited
<b>Company number</b>	02674724
<b>Registered office</b>	8 Baker Street London W1M 1DA
<b>Auditors</b>	BDO Stoy Hayward 8 Baker Street London W1M 1DA

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# HOME EQUITY FUNDING LIMITED

## DIRECTOR'S REPORT

FOR THE YEAR ENDED 31ST MAY 2000

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The directors present their report and the audited accounts for the company for the year ended 31st May 2000.

### Principal activities and review of business

The company's principal activity continued to be that of providing mortgage finance.

### Results and dividends

The results for the year are set out in the profit and loss account on page 4.

Interim dividends were paid amounting to £50,000 (1999: £-). The director does not recommend payment of a final dividend.

### Directors and their interests

The director of the company during the year was Cliffside Investments Limited which had no interest in the ordinary share capital of the company. The interests of the director in the share capital of the ultimate parent company, Equity Group Holdings Limited, are shown in the financial statements of that company.

### Statement of director's responsibilities

Company law requires the director to prepare accounts 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 for that year. In preparing those accounts the director is required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts 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.

# HOME EQUITY FUNDING LIMITED

## DIRECTOR'S REPORT

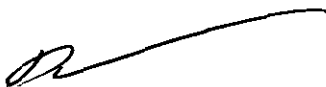
FOR THE YEAR ENDED 31ST MAY 2000

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### Auditors

A resolution to reappoint BDO Stoy Hayward as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Greenbriar Secretarial Limited, Secretary  
20th March 2001

8 Baker Street  
London  
W1M 1DA

# AUDITORS' REPORT TO THE SHAREHOLDERS OF HOME EQUITY FUNDING LIMITED

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We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

## **Respective responsibilities of director and auditors**

As described on page 1 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.


## **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

## **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**BDO Stoy Hayward**  
*Chartered Accountants and Registered Auditors*  
London

**Date: 20th March 2001**

# HOME EQUITY FUNDING LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 2000

	Notes	2000 £	1999 £
<b>Turnover</b>	2	154,620	165,824
Administrative expenses		(58,799)	31,153
<b>Operating profit</b>	5	95,821	196,977
Interest receivable	3	13,000	-
Interest payable and similar charges	4	(80,766)	(85,419)
<b>Profit on ordinary activities before taxation</b>		28,055	111,558
Tax on profit on ordinary activities	6	(31,004)	(31,019)
<b>Loss/Profit for the financial year</b>		(2,949)	80,539
Dividends	7	(50,000)	-
<b>Retained loss/profit for the year</b>		(52,949)	80,539
<b>Retained profit/loss brought forward</b>		65,912	(14,627)
<b>Retained profit carried forward</b>		12,963	65,912

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.


# HOME EQUITY FUNDING LIMITED

## BALANCE SHEET

AS AT 31ST MAY 2000

	Notes	£	2000 £	£	1999 £
<b>Fixed assets</b>					
Tangible assets	8		-		1,095
			-		1,095
<b>Current assets</b>					
Debtors	9				
amounts falling due after more than one year		747,813		869,897	
amounts falling due within one year		761,064		633,622	
Cash at bank and in hand		2,597		2,597	
		1,511,474		1,506,116	
<b>Creditors: amounts falling due within one year</b>	10	(1,324,795)		(1,298,587)	
<b>Net current assets</b>			186,679		207,529
<b>Total assets less current liabilities</b>			186,679		208,624
<b>Provisions for liabilities and charges</b>					
Deferred taxation	12		(83,716)		(52,712)
			102,963		155,912
<b>Capital and reserves</b>					
Share capital	11		90,000		90,000
Profit and loss account			12,963		65,912
<b>Shareholders' funds</b>			102,963		155,912

These accounts were approved by the board on 20th March 2001 and signed on its behalf by:

  
**Cliffside Investments Limited**  
**Director**

# HOME EQUITY FUNDING LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2000

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### 1 Accounting policies

#### Basis of accounting

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

#### Turnover

Turnover represents credit charges receivable, on a redemption value basis, on advances to customers.

#### Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Office Equipment            - 25% per annum reducing balance

#### Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

#### Commissions payable

Commissions are written off in full in the period in which they arise.

### 2 Turnover and profits

The turnover and profit before taxation were derived from the company's principal activity which was carried out wholly in the UK.

### 3 Interest receivable

	2000	1999
	£	£
Interest from group companies	13,000	-
	<u>13,000</u>	<u>-</u>

### 4 Interest payable and similar charges

	2000	1999
	£	£
Interest payable on bank loans and overdrafts	80,766	85,419
	<u>80,766</u>	<u>85,419</u>

# HOME EQUITY FUNDING LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2000

### 5 Operating profit

*The operating profit is stated after charging or crediting:*

	2000	1999
	£	£
Depreciation of tangible fixed assets:		
-owned assets	-	367
Loss on disposal of fixed assets	1,095	-
Auditors' remuneration	587	1,939

### 6 Taxation

	2000	1999
	£	£
Deferred tax charge	31,004	31,019
	31,004	31,019

### 7 Dividends

	2000	1999
	£	£
Equity dividends		
Ordinary dividends - paid	50,000	-

### 8 Tangible fixed assets

	Office Equipment	Total
	£	£
<b>Cost</b>		
At 1st June 1999	6,127	6,127
Disposals	(6,127)	(6,127)
<b>At 31st May 2000</b>	-	-
<b>Depreciation</b>		
At 1st June 1999	5,032	5,032
Disposals	(5,032)	(5,032)
<b>At 31st May 2000</b>	-	-
<b>Net book value</b>		
At 31st May 2000	-	-
At 31st May 1999	1,095	1,095

# HOME EQUITY FUNDING LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2000

9	Debtors	2000 £	1999 £
	Advances to customers	879,975	1,039,793
	Amounts due from fellow group undertakings	148,061	97,629
	Amounts owed by ultimate parent company	480,004	366,097
	Other debtors	837	-
		<u>1,508,877</u>	<u>1,503,519</u>

Included in the above are amounts falling due after more than one year as follows:

Advances to customers	<u>747,813</u>	<u>869,897</u>
	<u>747,813</u>	<u>869,897</u>

10	Creditors: amounts falling due within one year	2000 £	1999 £
	Bank overdraft (secured)	906,204	879,933
	Amounts due to fellow group undertakings	237,941	235,182
	Corporation tax	2,043	2,043
	Other creditors	150,000	154,547
	Accruals and deferred income	28,607	26,882
		<u>1,324,795</u>	<u>1,298,587</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

Amounts shown under other creditors and £230,960 (1999 £230,960) included within amounts due from group undertakings are in total subordinated in favour of the bank.

11	Share capital	2000 £	1999 £
	Authorised		
	Equity shares		
	100,000 Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>
	Allotted		
	Equity shares		
	90,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>90,000</u>	<u>90,000</u>
		<u>90,000</u>	<u>90,000</u>

# HOME EQUITY FUNDING LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MAY 2000

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### 12 Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

	2000	1999
	£	£
At 1st June 1999	52,712	21,693
Movement in the year	31,004	31,019
At 31st May 2000	<u>83,716</u>	<u>52,712</u>

Deferred taxation provided and unprovided for in the accounts is set out below.

	Amount provided	
	2000	1999
	£	£
Other timing differences	83,716	52,712
	<u>83,716</u>	<u>52,712</u>

### 13 Parent Company

The company's parent company is Equity Group Holdings Limited, a company registered in England.