

Registered Number 2903444

Statusclaim Limited
Annual Report and Financial Statements
for the year ended 31 December 2009

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Statusclaim Limited

Annual Report and Financial Statements for the year ended 31 December 2009

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Statusclaim Limited

Directors and advisers

Directors

J R Drummond Smith

R D East

Company Secretary

R C W Todd

Registered Office

Kingston House

Centre 27 Business Park

Woodhead Road

Birstall

Batley

West Yorkshire

WF17 9TD

Registered in England

Registered number 2903444

Independent Auditor

Grant Thornton UK LLP

30 Finsbury Square

London

EC2P 2YU

Statusclaim Limited

Directors' report for the year ended 31 December 2009

The Directors submit their Annual Report together with the audited financial statements of the Company for the year ended 31 December 2009. The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

Principal activity

The principal activity of the Company is that of an intermediate holding company. The Company has not otherwise traded since its incorporation on 11 March 1994.

Results and dividends

The profit for the year, after taxation, amounted to £nil (2008: £216,866). On 14 September 2009 the Company disposed of its interest in Cattles Invoice Finance Limited to Absolute FS Limited. The Directors have not declared a final dividend in respect of the year ended 31 December 2009 (2008: £nil). During the year no interim dividend was paid (2008: £216,866).

Overview of events relating to the financial statements

On 10 March 2009, Cattles plc (Cattles), the Company's ultimate parent company, announced that, based on information received to that date, and subject to the completion of its external audit, it believed that a significant loss before tax had been incurred for the year ended 31 December 2008, and that it would be necessary to restate the Group's financial statements for the year ended 31 December 2007. Cattles also reported on 10 March 2009 that it believed it was in breach of covenants under its borrowing arrangements.

On 25 November 2009, Cattles announced that it had agreed a formal Standstill and Equalisation Agreement (SEA) with its key financial creditors. At the same time, Cattles also agreed certain modifications to the terms of its bank facilities, private placement notes and, subsequently, its bonds.

The signing of the SEA and these modifications were expected to improve the likelihood of Cattles achieving its restructuring objectives, namely:

- to stabilise the financial position of Cattles and its subsidiaries, and
- against this background, to continue discussions with Cattles' key financial creditors with a view to agreeing a consensual restructuring of the Group.

The SEA was signed by Cattles, Welcome Financial Services Limited (WFS), the Company, certain other members of the Cattles group and, among others, lenders of syndicated and bilateral facilities to Cattles (Banks), guaranteed hedging counterparties (Guaranteed Hedging Counterparties), unguaranteed hedging counterparties (Unguaranteed Hedging Counterparties) and holders of certain private placement notes issued by Cattles (Noteholders).

The SEA became effective on 17 December 2009 (the Effective Date) following the formal approval of the amendments to the bonds by holders of the 2014 and 2017 bonds (Bondholders).

The key provisions of the SEA include:

- **Standstill:** A formal agreement by the key financial creditors to 'stand still' and therefore agree not to take enforcement action against Cattles or other members of the Group for a limited period of time.
- **Cash distributions:** Obligations on WFS to distribute the majority of cash generated by the Group to the key financial creditors (Interim Distributions), subject to the right of WFS to forecast and retain a provision for working capital requirements and other contingencies. The SEA expressly provides that this forecast will be prepared on a conservative basis to provide ongoing liquidity for the Group.
- **Cash management:** Obligations on Cattles and other members of the Group to ensure that the majority of cash generated by the Group, which is currently subject to rights of set off in favour of certain key financial creditors, continues to be maintained in bank accounts that are subject to such rights of set off in favour of such key financial creditors. The SEA also caps the amounts that certain members of the Group may hold in bank accounts and obligations to transfer any excess to WFS.

Statusclaim Limited

Directors' report for the year ended 31 December 2009 (continued)

Overview of events relating to the financial statements (continued)

The period of standstill is linked to the litigation process relating to certain intra-group subordination arrangements (as set out in Cattles' announcement of 11 August 2009) (the Litigation). The Banks, the Noteholders and the Guaranteed Hedging Counterparties are required to stand still during an initial standstill period from (and including) the Effective Date and ending on the earlier of

- (i) 30 June 2011,
- (ii) the date on which the relative entitlements of the creditors to Interim Distributions paid after the conclusion of the Litigation have been finally determined by the Entity Priority Accountant, and
- (iii) the occurrence of the date on which the SEA is terminated,

unless the Banks and the Guaranteed Hedging Counterparties whose claims against the Group represent at least 75% of the aggregate claims of the Banks and the Guaranteed Hedging Counterparties against the Group and the Noteholders whose claims against the Group represent at least 75% of the aggregate claims of the Noteholders against the Group decide that the standstill applicable to the Banks and the Guaranteed Hedging Counterparties and the Noteholders should be terminated

During the period after 30 June 2011 the standstill can be terminated (i) in the case of the standstill applicable to the Banks and Guaranteed Hedging Counterparties, by the Banks and Guaranteed Hedging Counterparties whose claims against the Group represent at least 75% of the aggregate claims of the Banks and Guaranteed Hedging Counterparties against the Group, and (ii) in the case of the Noteholders, by the Noteholders whose claims against the Group represent at least 75% of the aggregate claims of the Noteholders against the Group. From the date on which the relative entitlements of creditors to Interim Distributions paid after the conclusion of the Litigation have been fully and finally determined by the entity priority accountant the standstill will be extended to the termination date of the SEA.

With respect to the Bondholders and the Unguaranteed Hedging Counterparties, the initial standstill period (which began on the Effective Date) was extended following the appeal of the first instance judgment to the Court of Appeal. The Court of Appeal hearing was on 12 May 2010 and judgement was handed down on 13 May 2010.

A further automatic extension of such standstill period occurred following the appeal of the Court of Appeal judgment to the Supreme Court. On 26 July 2010, the Supreme Court refused permission to appeal. Under the terms of the SEA, the standstill remains effective as at the date of this Annual Report. The standstill period for the Bondholders and the Unguaranteed Hedging Counterparties shall terminate where the SEA is terminated.

The first cash distribution made by WFS in accordance with the SEA took place in December 2009. The initial distribution, which represented the majority of the net cash generated by the Group up to 17 December 2009, amounted to £370.5 million. Further distributions amounting, in aggregate, to £229.9 million have been made on a monthly basis since December 2009 up to, and including, July 2010. Under the terms of the SEA, on 26 July 2010, the date on which the Supreme Court ordered that permission to appeal the Court of Appeal's decision be refused, Interim Distributions were temporarily suspended pending final determination by the Entity Priority Accountant of the relative entitlements of the creditors to Interim Distributions.

On 29 November 2010, Cattles announced that it had received sufficient support from its key financial creditors to enable it to launch a restructuring of the Group and that Cattles, certain other members of the Group and certain of their respective key financial creditors have entered into a restructuring and lock-up agreement, to support a restructuring of the Group in the following way:

Cattles intends to propose a scheme of arrangement under Part 26 of the Companies Act 2006 (a scheme) to its shareholders, pursuant to which the shares in Cattles will be acquired by Bovess Limited. Under the terms of that scheme, Cattles shareholders will receive 1p in cash for each Cattles share held by them.

Cattles and WFS also each intend to propose a scheme to certain of their respective creditors. Pursuant to those schemes, the claims of those creditors will be compromised in order to facilitate a restructuring of Cattles and WFS.

Statusclaim Limited

Directors' report for the year ended 31 December 2009 (continued)

Overview of events relating to the financial statements (continued)

It is currently anticipated that another member of the Cattles group, Ewbanks Mail Order Limited (Ewbanks), will propose a scheme to certain of its creditors, pursuant to which the guarantee obligations of it and certain other members of the Group will be compromised in order to facilitate a solvent restructuring of those entities, including the Company

Further, Cattles, WFS and certain other members of the Cattles group intend to enter into bilateral agreements with certain other creditors (for example, the pension trustee) in order to facilitate the solvent restructuring

Each scheme and bilateral agreement will be subject to obtaining the necessary approvals and it will be necessary to satisfy certain conditions precedent prior to the solvent restructuring becoming fully and finally effective in accordance with its terms

Pursuant to the restructuring and lock-up agreement, the key financial creditors that are party to that agreement have agreed conditionally with Cattles, WFS and certain other Cattles group members that they will vote in favour of the schemes to be proposed to them and have agreed promptly to take all actions which they are reasonably requested to take, in order to support, facilitate, implement or otherwise give effect to the solvent restructuring. Therefore, we have drawn the conclusion that there is a reasonable expectation that the necessary approvals for the schemes to be proposed to the creditors of Cattles, WFS and Ewbanks will be obtained

Going concern

As detailed above, on 25 November 2009, Cattles announced that it had agreed the SEA with its key financial creditors, and that this should improve the likelihood of Cattles achieving its restructuring objectives. Since that date, Cattles, WFS and other members of the Cattles group have continued to engage in discussions with representatives of their key financial creditors in order to progress proposals for a solvent restructuring

As detailed above, on 29 November 2010, Cattles announced that it had received sufficient support from its key financial creditors to enable it to launch a restructuring of the Group

Each scheme, including the shareholders' scheme, will be subject to obtaining the necessary approvals and the solvent restructuring will be subject to the satisfaction of certain conditions precedent. Therefore, a material uncertainty exists as to whether the solvent restructuring will become fully and finally effective in accordance with its terms. However, the Directors presently believe that a reasonable prospect of restructuring so as to avoid insolvent liquidation exists. The Directors' belief is, primarily, based on the level of support that continues to be provided by certain of the key financial creditors of the Cattles group, including in particular under a restructuring and lock-up agreement and the progress being made with them and others in furtherance of the implementation and conclusion of a solvent restructuring. Under the restructuring and lock-up agreement, certain of the key financial creditors have conditionally agreed to vote in favour of the schemes and support, facilitate, implement or otherwise give effect to the solvent restructuring. However, for the reasons set out above, there is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern

After making enquiries regarding the circumstances outlined above, the Directors have concluded that there is a reasonable expectation that the Company can continue to pay its operational debts as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. The Financial Statements do not include the adjustments that would result if the Company were unable to continue as a going concern

Statusclaim Limited

Directors' report for the year ended 31 December 2009 (continued)

Directors

The Directors who held office during the year and up to the date of signing the financial statements were

J R Drummond Smith (appointed 30 April 2009)

R D East (appointed 3 July 2009)

M W G Collins (removed 3 July 2009)

J J Corr (removed 3 July 2009)

Statement of Directors' responsibilities

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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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.

Financial risk management

Detail of the Company's financial risk management policies are set out in note 8 to the financial statements

Directors' indemnities

Directors serving as directors of the Company's ultimate parent, Cattles, and other Group companies, are indemnified by the provisions made by those companies

Statusclaim Limited

Directors' report for the year ended 31 December 2009 (continued)

Auditor

Each of the persons who is Director at the date of approval of this Annual 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 ought to have taken as a Director in order to make himself aware of any relevant 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

The Company has passed an elective resolution to dispense with the obligation to reappoint an auditor annually

By Order of the Board



J R Drummond Smith
Director

6 December 2010

Registered number 2903444

Independent Auditor's report to the members of Statusclaim Limited

We have audited the financial statements of Statusclaim Limited for the year ended 31 December 2009 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the balance sheet, the statement of accounting policies and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP

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 2009 and of its result for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the Statement of accounting policies on page 13 and note 11 of the financial statements concerning the Company's ability to continue as a going concern.

As explained in the Statement of accounting policies on page 13 and note 11 of the financial statements, the Company is reliant on the continuing support of the Cattles group and its key financial creditors and others to achieve a consensual restructuring of the Cattles group.

This condition, along with other matters disclosed in the Statement of accounting policies on page 13 and note 11 of the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters 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.

Independent Auditor's report to the members of Statusclaim 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



Mark Cardiff

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

6 December 2010

Statusclaim Limited

Income statement for the year ended 31 December 2009

	Notes	2009 £	2008 £
Revenue		-	216,866
Profit on disposal of associate	5	5,001,921	-
Impairment of loans and receivables	6	(5,001,921)	-
Profit before taxation		-	216,866
Taxation	3	-	-
Profit for the year attributable to equity holders of the Company		-	216,866

Statement of comprehensive income for the year ended 31 December 2009

There were no items of other comprehensive income in either of the above years and therefore total comprehensive income for the year attributable to the equity holders of the Company amounted to £nil (2008 £216,866)

Statusclaim Limited

Statement of changes in equity for the year ended 31 December 2009

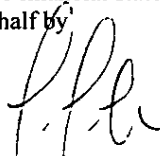
	Share capital £	Retained earnings £	Total equity £
At 1 January 2008	10	-	10
Total comprehensive income for the year	-	216,866	216,866
Ordinary dividend (note 4)	-	(216,866)	(216,866)
At 1 January 2009	10	-	10
Total comprehensive income for the year	-	-	-
At 31 December 2009	10	-	10

Statusclaim Limited

Balance sheet as at 31 December 2009

	Notes	2009 £	2008 £
ASSETS			
Current assets			
Loans and receivables	6	-	-
Cash and cash equivalents		10	10
Total assets and net assets		10	10
SHAREHOLDERS' EQUITY			
Share capital	7	10	10
Retained earnings		-	-
Total shareholders' equity		10	10

The financial statements were approved by the Board of Directors on 6 December 2010 and were signed on its behalf by


J R Drummond Smith
Director

Registered number 2903444

Statusclaim Limited

Statement of accounting policies

General information

Statusclaim Limited (the Company) is a company incorporated in the United Kingdom. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activity is set out in the Directors' Report.

Statement of compliance

These financial statements have been prepared in accordance with EU endorsed IFRS. These financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, and are presented in Pounds Sterling, the Company's functional and presentational currency.

The following accounting policies have been applied consistently by the Company to all periods presented in these financial statements.

Going concern

On 25 November 2009, Cattles announced that it had agreed a SEA with its key financial creditors, and that this should improve the likelihood of Cattles achieving its restructuring objectives. Since that date, Cattles and WFS have continued to engage in discussions with representatives of its key financial creditors in order to progress proposals for a solvent restructuring.

On 29 November 2010, it was announced that Cattles and certain other members of the Cattles group and a majority of the key financial creditors have entered into a restructuring and lock-up agreement, pursuant to which they have conditionally agreed to implement a solvent restructuring of the Group. Further details of the key elements of that restructuring are set out on page 5.

Each scheme, including the shareholders' scheme, is subject to obtaining the necessary approvals and the solvent restructuring is subject to the satisfaction of certain conditions precedent. Therefore, a material uncertainty exists as to whether the solvent restructuring will become fully and finally effective in accordance with its terms. However, the Directors presently believe that a reasonable prospect of restructuring so as to avoid insolvent liquidation exists. The Directors' belief is, primarily, based on the level of support that continues to be provided by certain of the key financial creditors of the Cattles group, including in particular under the restructuring and lock-up agreement and the progress being made with them and others in furtherance of the implementation and conclusion of a solvent restructuring. Under the restructuring and lock-up agreement, a majority of the key financial creditors have agreed to vote in favour of the schemes and support, facilitate, implement or otherwise give effect to the solvent restructuring. However, for the reasons set out above, there is a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

After making enquiries regarding the circumstances outlined above, the Directors have concluded that there is a reasonable expectation that the Company can continue to pay its operational debts as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. The Financial Statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Statusclaim Limited

Statement of accounting policies (continued)

Adoption of new and revised Standards

In the current year, the following new and revised Standards and interpretations have been adopted and have affected the amounts reported in these financial statements

Standards affecting presentation and disclosure

IAS 1 (revised 2007) has introduced a number of changes in the format and content of the financial statements. In addition, the revised Standard requires presentation of a third balance sheet where the entity applies certain changes in accounting policies retrospectively. As the effect of the adoption of Standards in the year has been presentational only, the opening comparative balance sheet has not been presented as the information is unchanged from that presented previously.

IFRS 7 (amendments) have expanded the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these extended disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards not affecting the reported results nor the financial position

The following new and revised Standard, relevant to the Company, has been adopted in the current year. Its adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 39 (amendments) Financial Instruments Disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

IFRS 3 (revised)	Business Combinations
IFRS 9	Financial Instruments – Classification and Measurement
IFRIC 17	Distributions of Non-cash assets to Owners
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements.

Cash flow statement

The Company did not enter into any cash transactions during either of the years presented, therefore a cash flow statement has not been presented.

Revenue recognition

Revenue relates to dividend income from the Company's investment in an associate and profit on disposal of an associate, which is recognised in the period to which they relate or, if earlier, when a contractual obligation arises.

Investments in associates

Investments in associates are recognised at cost.

Statusclaim Limited

Statement of accounting policies (continued)

Tax

The charge for current tax is based on the taxable profit for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted or substantively enacted at the balance sheet date.

Loans and receivables

Loans and receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Statusclaim Limited

Notes to the financial statements for the year ended 31 December 2009

1 Directors' emoluments

The Company has no employees other than the Directors (2008 none) The Directors received no remuneration for their services to the Company (2008 £nil)

2 Auditor's remuneration

The cost of the Auditor providing audit services to the Company is borne by the Company's ultimate parent undertaking, Cattles, in relation to both the current and prior year No non-audit services were provided in either the current or prior year

3 Taxation

The Company has no taxation charge for the year (2008 £nil)

The rate of tax for the year is 28% (2008 28.5%) The tax charge for the year is the same as (2008 lower than) the tax on profit on ordinary activities at the standard rate for the reasons set out in the following reconciliation

	2009 £	2008 £
Profit before tax	-	216,866
Tax on profit at 28% (2008 28.5%)	-	61,807
Factors affecting charge for the year		
Non-taxable dividend income	-	(61,807)
Total tax charge for the year	-	-

4 Ordinary dividends

	2009 £	2008 £
Amounts recognised as distributed to equity holders in the year		
Interim dividend for the year ended 31 December 2009 of £nil per share (2008 £216.87)	-	216,866

5 Associate undertakings

Investments in associate undertakings

The Company sold its investment of 126,505 ordinary shares of £1 each in Cattles Invoice Finance Limited, incorporated in England, on 14 September 2009 for £5,001,921, with funds being received to repay another Group company's indebtedness The investment represented 36.14% of the issued share capital of that company and was acquired at nil cost Cattles Invoice Finance Limited was not classified as held for sale in 2008 All costs of disposal were borne by the Company's ultimate parent undertaking, Cattles

	£
Consideration received and profit on disposal	5,001,921

Statusclaim Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Loans and receivables

	2009 £	2008 £
Current		
Intra-group receivables	5,001,921	-
Impairment of intra-group receivables	(5,001,921)	-
	-	-

The fair value of the Company's intra-group receivables does not materially differ from their carrying value

7 Share capital

	No.	2009 £	Authorised No	2008 £
Ordinary shares of 1p each	100,000	1,000	100,000	1,000

	No.	2009 £	Allotted, called up and fully paid 2009 No	2008 £
Ordinary shares of 1p each	1,000	10	1,000	10

The rights attached to the ordinary shares are as follows

Voting

On a show of hands every ordinary shareholder who is present in person at a general meeting of the Company and every proxy appointed by an ordinary shareholder and present at a general meeting of the Company shall have one vote and on a poll every ordinary shareholder who is present in person or by proxy shall have one vote for every share held

Dividends

Ordinary shareholders shall be entitled to receive such dividend as the Company by ordinary resolution may from time to time declare as a final dividend (such dividend not to exceed the amount recommended by the Board) or as the Board may from time to time declare as an interim dividend

Return of capital on a winding-up

Ordinary shareholders are entitled to participate in any surplus assets on the winding-up of the Company in proportion to their shareholdings

Statusclaim Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

8 Financial risk management

The most significant financial risks faced by the Company are credit risk and liquidity risk

Credit risk

The Company's credit risk is solely related to its intra-group receivables, which also represents its maximum exposure to credit risk

Liquidity risk

The Company has no financial liabilities and therefore is not subject to any material liquidity risk

9 Contingent liabilities

Contingent liabilities arise following the disposal of Cattles Invoice Finance Limited, which relate to the warranties that are customary for a transaction of this nature. The contingent liability is capped at £25 million for warranties relating to invoice finance agreements and £10.8 million for all other warranties. The warranty period expires on 14 March 2011 with the exception of tax warranties, which expire on 31 December 2014. The Company's ultimate parent company, Cattles, has guaranteed these obligations.

10 Related party transactions

Ultimate parent undertaking

The ultimate parent undertaking and controlling party of the Company is Cattles, registered in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Cattles. The latest consolidated financial statements of this group will be available to the public and may be obtained from the Registered Office, Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD.

Related party transactions

The Company entered into promissory notes with its associate totalling £nil (2008: £216,866) during the year. It also entered into promissory notes with its immediate parent company for £nil (2008: £216,866). These promissory notes were in relation to the associate's commitment to settle the dividends they had declared during the year and, in turn, the Company's commitment to settle its own dividend.

Amounts due from the ultimate parent company and other group undertakings are disclosed in note 6.

Key management compensation

The Directors of the Company are the Company's key management. These individuals received no compensation for their services to the Company.

Statusclaim Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

11 Post balance sheet events

On 12 May 2010, the Court of Appeal heard the appeal of Party A and the subsequent cross-appeal of the Royal Bank of Scotland Plc of the decision of the High Court on the application of Cattles to seek a determination in relation to whether the terms contained within certain cross-guarantee documentation operate to subordinate Cattles' claims against its subsidiaries, including the Company, to the claims of certain bank creditors. This appeal and a cross-appeal were brought as part of consensual discussions between all parties. On 13 May 2010, the Court of Appeal unanimously handed down a decision that upheld the decision of the High Court which was explained in Cattles' announcement dated 14 December 2009. The cross-appeal in relation to the Cherry v Boulton issues was stayed. After judgment was handed down, Party A sought permission from the Court of Appeal to appeal this decision to the Supreme Court. The Court of Appeal did not give such permission and Party A had 28 days to appeal to the Supreme Court for permission to appeal the Court of Appeal's decision.

On 2 June 2010, Cattles announced that one of the options being discussed with representatives of its key financial creditors concerning a consensual restructuring of its liabilities includes a proposal under which a newly incorporated company, formed and managed by a corporate service providers and ultimately owned by a charitable trust, would make an offer to acquire the entire issued share capital of Cattles (which would be effected by a shareholder scheme of arrangement). Cattles added that, given the existing deficit in shareholders' funds and the significant losses Cattles' financial creditors will incur, Cattles would not expect any payment to shareholders to exceed 1p per share. Any such offer would be likely to comprise solely cash consideration. However, there can be no certainty that any offer will ultimately be made or as to the terms or timing of any offer. The making of any such offer is subject to a number of matters, including obtaining all necessary approvals.

On 28 July 2010, Cattles was notified that, on 26 July 2010, the Supreme Court ordered that permission to appeal the Court of Appeal's decision be refused because the application to appeal "does not raise an arguable point of law of general public importance which ought to be considered by the Supreme Court at this time, bearing in mind that the case has already been the subject of judicial decision and reviewed on appeal". Consequently, the application of the Company was finally determined to the effect that the Company's claims against its subsidiaries are subordinated to the claims of certain bank creditors.

On 15 September 2010, Cattles announced that it had been informed by the advisers to the steering committees of the bondholder creditors of Cattles (which Cattles understands hold approximately one third of the nominal value of the outstanding bonds) that such steering committees and their advisers have ceased and do not intend to re-institute negotiations with Cattles' other key financial creditors in respect of any solvent restructuring of Cattles. Notwithstanding this, Cattles believes that it remains in the interests of all parties to reach an agreement. Therefore, Cattles and its advisers continue to engage in ongoing constructive discussions with representatives of certain of its key financial creditors still with a view to achieving a consensual restructuring of Cattles' liabilities, including an offer to acquire the share capital of Cattles at up to 1p per share.

On 22 October 2010, Cattles announced that discussions with representatives of certain of their key financial creditors and other stakeholders in order to progress proposals for a consensual restructuring then envisaged that, as part of a restructuring, Cattles would compromise its subordinated inter-company claims against the Company and other subsidiaries in the Group for not less than £39 million. Such compromise would occur in the event of a sale to a newly incorporated company of either (i) the entire issued share capital of Cattles (at a price of up to 1p per share), or (ii) certain of its subsidiaries (including the Company) for a nominal payment to Cattles (with no offer to Cattles' shareholders), in either case, together with a creditor scheme of arrangement of the Company. Cattles would use the payment of not less than £39 million to meet its own costs and to compromise amounts it owes to its creditors (which at the last audited balance sheet date of 31 December 2008 totalled £2,840.5 million).

Statusclaim Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

11 Post balance sheet events (continued)

On 22 November 2010, it was announced that Cattles had been informed by representatives of certain of the key financial creditors of the Company that they continue to support proposals for a consensual restructuring including a compromise of Cattles' subordinated inter-company claims against the Company and other subsidiaries in the Group, however, for an amount which may be less than £39 million. Cattles also announced that it was continuing to discuss this matter further with the Company and the representatives of those key financial creditors.

On 29 November 2010, it was announced that Cattles and certain other members of the Group and a majority of the key financial creditors have entered into a restructuring and lock-up agreement, pursuant to which they have conditionally agreed to implement a solvent restructuring of the Group. In addition it was also announced that it is currently anticipating that another member of the Cattles group, Ewbanks, will propose a scheme to certain of its creditors, pursuant to which the guarantee obligations of it and the other members of the Group will be compromised in order to facilitate a solvent restructuring of those entities.