

# **Prospect Heights (Holdings) Limited**

## **REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**Company Registered Number  
2974740**

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## Directors' report

### **Principal activities and business review**

The principal activity of the Company is to act as the holding company of companies that were involved in the acquisition and servicing of Personal Loans and Credit Card receivables. These loans and receivables were principally financed by the issue of medium term debt raised on the Eurobond market and by the issue of discounted notes, which have all now matured with the last issuance being fully redeemed on 15 May 2007.

It is the intention of the directors to wind-up Prospect Heights (Holdings) Limited ("the Company") in 2010. These financial statements are prepared on a wind-up basis of accounting where all assets are stated at their net recoverable amounts.

### **Business Structure**

The Directors have reassessed the requirement to prepare consolidated financial statements for the Company under Companies Act 2006 section 399 "Duty to prepare group accounts" and as the Company meets the criteria of a small company under section 381, under sections 477 and 479 (2), it is not required to prepare consolidated group accounts. The effect is to no longer recognise an investment in subsidiaries and instead recognise an investment in available for sale financial assets.

### **Performance**

The Company's results along with its financial position for the year under review are as detailed in the income statement and the balance sheet as shown in these accounts.

The key performance indicator used by management in assessing the performance of the Company is monitoring of actual cashflows in comparison with the planned cashflows determined at the closing of the transaction.

### **Future Developments**

It is the intention of the directors to wind-up Prospect Heights (Holdings) Limited ("the Company") in 2010. These financial statements are prepared on a wind-up basis of accounting where all assets are stated at their net recoverable amounts.

### **Dividends**

The Company made a loss for the financial year of £(27,069) (2008 profit of £709) which has been taken to reserves. The directors do not recommend the payment of a dividend (2008 £Nil).

### **Directors and their interests**

The directors who served during the year are as follows:

C J Rivers  
F L Newell

None of the directors had at any time during the period any disclosable interest in the shares of the Company or any other companies within the Group.

### **Auditors**

For the year ended 30 June 2009, the company was entitled to exemption from audit under sections 477 and 479 of the Companies Act 2006.

### **Statement of Directors' responsibilities in relation to financial statements**

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

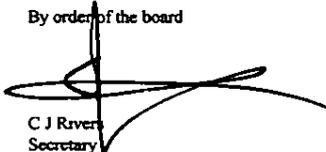
Company law requires the directors to prepare company financial statements for each financial year. Under that law they have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



C J Rivers  
Secretary

North Street  
Winkfield  
Windsor  
Berkshire SL4 4TD

12th March 2010

**Statement of Comprehensive Income**

<b>For the year ended 30 June</b>	<b>Note</b>	<b>2009 £</b>	<b>2008 £</b>
Interest payable and similar charges		-	(56)
Administrative expenses	3	(33,835)	-
<b>Loss before income tax</b>		<b>(33,835)</b>	<b>(56)</b>
Income tax credit	5	-	765
<b>Loss and total comprehensive income for the year</b>		<b>(33,835)</b>	<b>709</b>

All operations of the Company continued throughout both periods and no operations were discontinued. The comprehensive income for the year is 100% attributable to the shareholders of the parent company

The company did not recognise any components of other comprehensive income during the current or prior accounting period.

The notes on pages 5 to 7 form an integral part of these financial statements.

## Balance Sheet

As at 30 June	Note	2009 £	2008 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in available for sale financial assets	6	100,022	100,034
<b>Total non-current assets</b>		<u>100,022</u>	<u>100,034</u>
<b>Current assets</b>			
Cash and cash equivalents	7	144,719	178,499
<b>Total current assets</b>		<u>144,719</u>	<u>178,499</u>
<b>Net assets</b>		<u>244,741</u>	<u>278,533</u>
<b>Liabilities &amp; equity</b>			
<b>Current liabilities</b>			
Creditors	8	88,016	87,973
<b>Total liabilities</b>		<u>88,016</u>	<u>87,973</u>
<b>Equity</b>			
Called-up share capital	9	2	2
Retained earnings	10	156,723	190,558
<b>Total equity</b>		<u>156,723</u>	<u>190,560</u>
<b>Total liabilities &amp; equity</b>		<u>244,741</u>	<u>278,533</u>

### The directors

(a) confirm that the company was entitled to exemption under subsection (1) of section 477 of the Companies Act 2006 from the requirement to have its accounts for the financial year ended 31 December 2009 audited.

(b) acknowledge their responsibilities for:

(i) ensuring that the company keeps proper accounting records which comply with section 386 of the Companies Act 2006, and

(ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company

## Statement of changes in equity

	Retained Earnings £	Total £
As at 30 June 2008	190,558	190,558
Loss in the year	(33,835)	(33,835)
As at 30 June 2009	<u>156,723</u>	<u>156,723</u>

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006

The financial statements on pages 3 to 4 were approved by the Board of Directors on 12th March 2010 and were signed on its behalf by:

  
C J Rriver  
Director

The notes on pages 5 to 7 form an integral part of these financial statements.

## Notes to the financial statements

### **1 Basis of preparation**

The Company prepared its financial statements in accordance with International Financial Reporting Standards ("IFRSs") and interpretations thereof issued by the International Accounting Standards Board ("IASB") and its predecessor body as well as interpretations issued by the International Financial Interpretations Committee ("IFRIC") and the UK Companies Act 2006. They are prepared on a going concern basis.

#### **New standards adopted**

During the year, the Company adopted the revised IAS 1 'Presentation of Financial Statements' ('IAS 1'). The revised standard aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard has a minor impact on the presentation of the Company's financial statement although it has no effect on the results reported.

The financial statements are presented in Great British Pounds which is the Company's functional and presentation currency.

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the information of estimates. Actual results in the future may differ from those reported.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year or the year of revision and future years if the revisions affects both current and future years.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

For the year ended 30 June 2009, the Company met the criteria of section 382 (3) of the Companies Act 2006 in that it had turnover not more than £5.6m (30 June 2009: £27,069, 30 June 2008: £56), a Balance Sheet total not more than £2.8m (30 June 2009: £278,533, 30 June 2008: £278,533) and the number of employees was not more than 250 (30 June 2009: Nil, 30 June 2008: Nil). As the Company meets this criteria, per section 399 of the Companies Act 2006, the Company is not required to prepare consolidated group accounts.

Under IAS27 paragraph IN10, the Company, which is complying with local regulation that exempts the company from preparing group accounts, should account for any investments in subsidiaries as financial investments either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### **General information**

Prospect Heights (Holdings) Limited is a company domiciled in and incorporated in England and Wales.

### **2 Principal accounting policies**

The accounting policies set out below have been applied consistently to all periods in these financial statements.

#### **(a) Investment in available for sale financial assets**

The Company's investment in equity securities are classified as available for sale financial assets. Subsequent to initial recognition they are measured at fair value, other than impairment losses and foreign exchange gains and losses on available for sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

#### **(b) Financial assets and liabilities**

Financial assets and liabilities that are not quoted in an active market with fixed determinable payments such as cash deposits or bank overdrafts are shown in the balance sheet at amortised cost. Interest income is accounted for on an accruals basis.

#### **(c) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses.

#### **(d) Taxation**

Income tax comprises current tax and deferred tax.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to the income taxed levied by the same taxation authority, and when HSBC has a legal right to offset.

#### **(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as cash and cash equivalents for the purposes of the statement of cash flows.

### **3 Administrative expenses**

During 2009 the Company has borne all costs associated with the liquidation and audit of its subsidiaries (2008: £Nil).

**Notes to the financial statements (continued)**

**4 Directors emoluments and employees**

No emoluments were received or are receivable by any Director in respect of services during the year (2008: £Nil). The Company did not have any employees during the current or previous year.

**5 Income tax expense**

	2009	2008
	£	£
The charge for the year comprises		
UK Corporation tax		
- on current year loss	-	-
- on prior year loss	-	(765)
<b>Total income tax expense</b>	<b>-</b>	<b>(765)</b>

The UK corporation tax rate for Prospect Heights Limited was 21 per cent (2008: 20 per cent).

The following table reconciles the tax expense:

	2009	2009	2008	2008
	£	%	£	%
Taxation at UK corporation tax rate of 21% (2008: 20%*)	7,105	(21.0%)	12	(20.0%)
Adjustment in respect of prior period	-	0.0%	(777)	1,382.9%
Deferred tax temporary differences not provided	(7,105)	21.0%	-	0.0%
<b>Overall tax expense</b>	<b>-</b>	<b>0.0%</b>	<b>(765)</b>	<b>1,362.9%</b>

\* The weighted average UK corporation tax rate for small companies for the 18 months ended 30 June 2008 was 20% being 19% for the three months to 31 March 2007, 20% for the 12 months to 31 March 2009 and 21% for the three months to 30 June 2008.

The amount of temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet is £7,106 (2008: nil). Of this amount £7,106 (2008: nil) has no expiry dates.

**6 Investment in available for sale financial assets**

As described in Note 1 above, under Companies Act 2006 section 399 "Duty to prepare group accounts" and as the Company meets the criteria of a small company under sections 477 and 479 (2), the Company is not required to prepare consolidated group accounts. Under IAS27 paragraph IN10, the Company, which is complying with local regulation that exempts the company from preparing group accounts, should account for any investments in subsidiaries as financial investments at cost or in accordance with IAS 39 Financial Instruments Recognition and Measurement.

	2009	2008
	£	£
Fair value for the period starting	100,034	100,034
Additions	-	-
Fair value movements	-	-
Disposals	(12)	-
<b>Fair value for the period ending</b>	<b>100,022</b>	<b>100,034</b>

	Principal activity	% owned	Aggregate share capital & reserves £
Affinity 001 plc	Placed in liquidation	99.99%	12,502
Opus Series 1 plc	Placed in liquidation	99.99%	12,500
Prospect 1 plc	Placed in liquidation	99.99%	12,500
Prospect 2 plc	Placed in liquidation	99.99%	12,500
Prospect 3 plc	Placed in liquidation	99.99%	12,500
Prospect 4 plc	Placed in liquidation	99.99%	12,500
Prospect 5 plc	Placed in liquidation	99.99%	12,500
Prospect 6 (Jersey) Limited	Non-trading	99.99%	10
Prospect 6 Receivables Trustee (Jersey) Limited	Non-trading	50.00%	10
Winkfield Funding plc	Placed in liquidation	20.00%	12,500

**7 Cash and cash equivalents**

	2009	2008
	£	£
Bank and cash balances	144,719	178,499

**8 Creditors**

	2009	2008
	£	£
Amounts owed to other group undertakings	88,016	87,973

**9 Share capital**

	Authorised		Issued and fully paid up	
	2009	2008	2009	2008
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	2	2
	<b>1,000</b>	<b>1,000</b>	<b>2</b>	<b>2</b>

Notes to the financial statements (continued)

10 Reconciliation of retained earnings

	2009	2008
	£	£
Opening retained earnings	190,558	189,849
Retained profit for the year	(33,835)	709
Closing retained earnings	<u>156,723</u>	<u>190,558</u>

11 Maturity analysis of assets and liabilities

The following is an analysis, by remaining contractual maturities at the balance sheet date, of liability line items that combine amounts expected to be recovered or settled under one year, and after one year

Cash, trading assets and trading liabilities are expected to be recovered or settled no more than twelve months after the balance sheet date, and therefore are excluded from this analysis

	Due within one year	Due after more than one year	Total
	£	£	£
<b>Liabilities</b>			
Amounts owed to other group undertakings	<u>88,016</u>	<u>-</u>	<u>88,016</u>
<b>Liabilities</b>			
Amounts owed to other group undertakings	<u>87,973</u>	<u>-</u>	<u>87,973</u>

12 Financial Risk Management

The Company was set up in 1994 as the non-operating holding company for the companies disclosed in Note 4

The risk profile of the Company is such that, credit, liquidity, market and other risks of the financial assets are fully borne by the Company. These risks are discussed further below

(a) Credit and investment risk

The risk that the Company is unable to realise the carrying value of its financial assets is limited as its investments in available for sale financial assets are being, have been, or are to be wound up during the second half of 2008 and during 2009. The Company has deposited cash with HFC Bank Ltd (see Note 14) in a non-interest bearing account and considers the risk on this deposit to be negligible

(b) Liquidity risk

The Company has no exposure to liquidity risk.

(b) Market risk

The Company has no exposure to foreign exchange or interest rate risk.

13 Financial instruments

**Cash and Cash Equivalents**

The financial assets of the Company are not exposed to any interest rate risk as no interest is due on cash held in the company's bank accounts

14 Related party transactions

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24, "Related Party Disclosures"  
The Company has placed a deposit with HFC Bank Ltd. The balance in this account at 30 June 2009 was £144,319 (30 June 2008: £177,695)

15 Ultimate parent undertaking

The entire issued share capital of Prospect Heights (Holdings) Limited is held by Royal Exchange Trust Company Limited, a company registered in England, and its nominee as trustee for various United Kingdom institutions established for charitable purposes.

16 Contingent liabilities and commitments

There are no contingent liabilities or capital commitments as at 30 June 2009 (30 June 2008: none)