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# Excel Securities plc

## FINANCIAL STATEMENTS

for the year ended

31 March 2008

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COMPANIES HOUSE

# Excel Securities plc

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

L Hoffman  
I Wiseman  
RCF Directors Limited  
M Keating

### SECRETARY

J Ogden

### REGISTERED OFFICE

3rd Floor  
55 King Street  
Manchester  
M2 4LQ

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
Brazennose House  
Lincoln Square  
Manchester  
M2 5BL

### BANKERS

Natwest Bank Plc  
1 Spinningfields  
Deansgate  
Manchester  
M3 3AP

Israel Discount Bank  
Nightingale House  
65 Curzon Street  
London  
W1J 8PE

Bank Leumi (UK) Limited  
20 Stratford Place  
London  
W1C 1BD

# Excel Securities plc

## DIRECTORS' REPORT

The directors submit their report and financial statements of Excel Securities plc for the year ended 31 March 2008

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the provision of short-term bridging loans secured against property

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Trading conditions deteriorated during the reporting period, particularly towards the end of our financial year. Provisions have been made in respect of a number of loans where full recovery is doubtful. The downturn in prices and the shortage of liquidity in financial markets leading to stagnation in the property market, will challenge us and our borrowers for the remainder of this financial year and probably beyond.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Credit risk

The company's principal financial asset is advances to customers which are denoted by debtors in the balance sheet. The quality of the property offered as security dictates our decision on whether or not to lend and the loan value we make available. At all times we are mindful of the prevailing economic climate and conditions in the property market.

A robust default management structure is in place to manage accounts where monthly interest is not paid on a timely basis. Specific provisions are raised in cases where we believe that security is unlikely to realise the amount owed and where we do not believe a shortfall will be covered either by proceeding against valuers or third party guarantors.

#### Interest rate risk

In essence, Excel Securities plc borrows funds from its banks at one rate and lends to customers at a higher rate. It is intended that the difference between these two figures meets overheads and then generates profit.

As stated in the Review of the Business, rates charged to borrowers are dictated by competitive pressures within the commercial bridging market. The cost of funds on the other hand, is affected by the underlying Base Rate set by the Bank of England. At the present time the Directors have elected not to hedge against further increases in funding costs but that the policy is constantly under review.

#### Liquidity risk

Cash flow is strictly monitored to ensure that the Company is able to meet its obligations as they fall due. Funds, including significant headroom within bank facilities, are also available to fund further customer lending.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £699,245. The directors have not recommended a dividend.

### DIRECTORS

The directors who served the company during the year were as follows:

L Hoffman  
I Wiseman  
RCF Directors Limited  
M Keating

M Keating retired as a director on 1 June 2008.

### POLICY ON THE PAYMENT OF CREDITORS

# Excel Securities plc

## DIRECTORS' REPORT

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The company's current policy concerning the payment of creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

Creditor days at 31 March 2008 were 35 (2007 37)

### DONATIONS

During the year the company made the following contributions

	2008	2007
	£	£
Charitable	<u>13,950</u>	<u>-</u>


### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the board

  
I Wiseman  
Director

30 October 2008

# Excel Securities plc

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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). The financial statements are required by law to 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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 proper accounting records that 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 requirements of 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCEL SECURITIES PLC

We have audited the financial statements on pages 6 to 16

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of opinion**

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

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.

*John T. Baker*

BAKER TILLY UK AUDIT LLP

Registered Auditor  
Chartered Accountants  
Brazenose House  
Lincoln Square  
Manchester M2 5BL

*16 October 2008*

**Excel Securities plc**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2008

		2008	2007
	<i>Notes</i>	£	£
TURNOVER	1	9,351,533	7,495,344
Cost of sales		4,634,479	3,407,270
Gross profit		4,717,054	4,088,074
Administrative expenses		3,709,540	1,669,750
OPERATING PROFIT	2	1,007,514	2,418,324
Interest receivable		25,234	19,086
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,032,748	2,437,410
Taxation	5	333,503	736,419
PROFIT FOR THE FINANCIAL YEAR		699,245	1,700,991

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

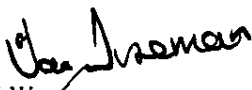
# Excel Securities plc

## BALANCE SHEET

31 March 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>38,408</u>	<u>57,340</u>
<b>CURRENT ASSETS</b>			
Debtors	7	47,223,591	45,091,795
Cash at bank		<u>159,846</u>	<u>134,174</u>
		47,383,437	45,225,969
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>39,783,693</u>	<u>38,341,228</u>
<b>NET CURRENT ASSETS</b>		<u>7,599,744</u>	<u>6,884,741</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,638,152</u>	<u>6,942,081</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	9	<u>2,450,000</u>	<u>2,450,000</u>
		5,188,152	4,492,081
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	11	<u>5,435</u>	<u>8,609</u>
		<u>5,182,717</u>	<u>4,483,472</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	14	100,000	100,000
Profit and loss account	15	<u>5,082,717</u>	<u>4,383,472</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>5,182,717</u>	<u>4,483,472</u>

30 October 2008 The financial statements on pages 6 to 16 were approved by the directors and authorised for issue on and are signed on their behalf by

  
I Wiseman  
Director



**Excel Securities plc**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2008

		2008	2007
	<i>Notes</i>	£	£
Net cash flow from operating activities	17 a	(411,396)	(12,873,358)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>25,234</u>	<u>19,086</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		25,234	19,086
TAXATION		(744,948)	(640,002)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(973)	(19,464)
Receipts from sale of fixed assets		<u>12,438</u>	<u>—</u>
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		11,465	(19,464)
CASH OUTFLOW BEFORE FINANCING		<u>(1,119,645)</u>	<u>(13,513,738)</u>
FINANCING			
Increase in bank loans		<u>1,145,317</u>	<u>12,020,741</u>
NET CASH INFLOW FROM FINANCING		1,145,317	12,020,741
INCREASE/(DECREASE) IN CASH IN THE PERIOD	17c	<u>25,672</u>	<u>(1,492,997)</u>

# Excel Securities plc

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

### TURNOVER

Turnover represents interest receivable and similar fees to external customers at invoiced amounts net of any Value Added Tax

### DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings                      -     10-33 3% straight line

### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

# Excel Securities plc

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2008

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#### 1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2008	2007
	£	£
United Kingdom	<u>9,351,533</u>	<u>7,495,344</u>

#### 2 OPERATING PROFIT

Operating profit is stated after charging

	2008	2007
	£	£
Depreciation of owned fixed assets	7,467	8,710
Auditor's remuneration		
- as auditor	10,700	12,000
- for other services	1,500	3,708
Operating lease costs		
Other	<u>123,410</u>	<u>106,292</u>

#### 3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2008	2007
	No	No
Number of administrative staff	<u>12</u>	<u>11</u>

The aggregate payroll costs of the above were

	2008	2007
	£	£
Wages and salaries	787,085	655,015
Social security costs	91,580	76,394
	<u>878,665</u>	<u>731,409</u>

#### 4 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2008	2007
	£	£
Emoluments receivable	<u>483,427</u>	<u>442,710</u>

The emoluments of the highest paid director in respect of qualifying services were

	2008	2007
	£	£
Emoluments receivable	<u>264,431</u>	<u>239,740</u>

Excel Securities plc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2008

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5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	320,724	734,754
Under provision in prior year	15,953	698
Total current tax	<u>336,677</u>	<u>735,452</u>
Deferred tax		
Origination and reversal of timing differences	(3,174)	967
Tax on profit on ordinary activities	<u>333,503</u>	<u>736,419</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 - 30%)

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>1,032,748</u>	<u>2,437,410</u>
Profit on ordinary activities by rate of tax	309,827	731,223
Non deductible expenses	8,765	4,950
Capital allowances in excess of depreciation	1,666	(1,419)
Adjustments to tax charge in respect of previous periods	15,953	698
Unrelieved tax losses and other deductions	466	-
Total current tax (note 5(a))	<u>336,677</u>	<u>735,452</u>

# Excel Securities plc

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

### 6 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
Cost	
At 1 April 2007	166,968
Additions	973
Disposals	(12,438)
At 31 March 2008	<u>155,503</u>
Depreciation	
At 1 April 2007	109,628
Charge for the year	7,467
At 31 March 2008	<u>117,095</u>
Net book value	
At 31 March 2008	<u>38,408</u>
At 31 March 2007	<u>57,340</u>

### 7 DEBTORS

	2008 £	2007 £
Trade debtors	47,140,322	45,007,148
Other debtors	1,958	4,566
Called up share capital not paid	45,000	45,000
Prepayments and accrued income	36,311	35,081
	<u>47,223,591</u>	<u>45,091,795</u>

### 8 CREDITORS Amounts falling due within one year

	2008 £	2007 £
Short term borrowings	4,519,979	3,956,195
Bank loans	33,899,455	32,754,138
Trade creditors	655,336	444,324
Corporation tax	328,984	737,255
Other taxation and social security	47,098	20,687
Accruals and deferred income	332,841	428,629
	<u>39,783,693</u>	<u>38,341,228</u>

The bank loans and overdrafts are secured by way of a debenture giving a fixed and floating charge over the assets of the company

# Excel Securities plc

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2008

#### 9 CREDITORS Amounts falling due after more than one year

	2008	2007
	£	£
Other creditors	<u>2,450,000</u>	<u>2,450,000</u>

The other creditors relate to redeemable unsecured loan stock £1,450,000 incurs interest at 20% per annum and the remainder incurs interest at 15% per annum

Redemption of the entire loan stock amount of £2,450,000 has been deferred until after 1 October 2009

#### 10 CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	2008	2007
	£	£
Amounts repayable		
In more than one year but not more than two years	<u>2,450,000</u>	<u>2,450,000</u>

#### 11 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2008	2007
	£	£
Provision brought forward	8,609	7,642
Profit and loss account movement arising during the year	(3,174)	967
Provision carried forward	<u>5,435</u>	<u>8,609</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>5,435</u>	<u>8,609</u>
	<u>5,435</u>	<u>8,609</u>

#### 12 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire		
After more than 5 years	<u>-</u>	<u>65,400</u>

# Excel Securities plc

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2008

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#### 13 RELATED PARTY TRANSACTIONS

Redeemable unsecured loan stock of £1,000,000 (2007-£1,000,000) is owned by Independent Merchant Securities Limited (IMS), a company in which Mr I Wiseman is a director. Interest of £150,000 (2007-£150,000) was charged on this loan stock in the year. At 31 March 2008 £15,869 (2007-£nil) was owed to IMS.

IMS also made short term loans to the company during the previous year. The maximum amount outstanding during 2008 was £nil (2007-£200,000). The balance was fully repaid during the 2007. Interest charged in the year was £nil (2007-£12,000).

Redeemable unsecured loan stock of £2,450,000 (2006-£1,450,000) is owned by REIT, a partnership in which RCF Directors Limited is a connected company by virtue of common ownership. Interest of £290,000 (2007-£290,000) was charged on this loan stock in the year. At 31 March 2008 £368,923 (2007-£194,423) was owed to REIT Corporate Finance Limited.

Short term loans of £150,000 (2007-£150,000) were outstanding at 31 March 2008 from Mr A Smith, the father of Mr I Smith who holds the position of partner at REIT. Interest was paid on these loans of £18,000 (2007-£11,472). The maximum amount outstanding during the year was £150,000.

A short term loan of £600,000 (2007-£686,664) from Mr L Hoffman a director of the company was owing at the year end. The maximum amount outstanding during the year was £686,664 (2007-£737,714). Interest of £83,296 (2007-£72,367) was paid on this and other loans in the year.

A short term loan of £120,000 (2007-£120,000) from Mr I Salah, the father of Mrs J Ogden the company secretary was owing at the year end. The maximum amount outstanding during the year was £120,000. Interest of £14,400 (2007-£2,400) was paid on this loan.

During the year no payment was made (2007-£8,225) for professional services to Clarendon Consultants, a partnership in which Mr L Hoffman is connected.

**Excel Securities plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2008

**14 SHARE CAPITAL**

	2008 £	2007 £
Authorised		
102,040 (2007 - 50,000) A Ordinary shares shares of £1 each	102,040	50,000
52,040 (2007 - 52,040) B Ordinary shares shares of £1 each	-	52,040
	<u>102,040</u>	<u>102,040</u>
	2008 £	2007 £
Allotted and called up		
100,000 (2007 - 50,000) A Ordinary shares shares of £1 each	100,000	50,000
- (2007 - 50,000) B Ordinary shares shares of £1 each	-	50,000
	<u>100,000</u>	<u>100,000</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2008 £	2007 £
A Ordinary shares shares	<u>45,000</u>	<u>45,000</u>

The A and B ordinary shares rank pari passu in all respects

**15 PROFIT AND LOSS ACCOUNT**

	2008 £	2007 £
At 1 April 2007	4,383,472	2,682,481
Retained profit for the financial year	699,245	1,700,991
At 31 March 2008	<u>5,082,717</u>	<u>4,383,472</u>

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Profit for the financial year	699,245	1,700,991
Opening shareholders' funds	4,483,472	2,782,481
Closing shareholders' funds	<u>5,182,717</u>	<u>4,483,472</u>

**17 CASH FLOWS**

**a Reconciliation of operating profit to net cash inflow from operating activities**

	2008 £	2007 £
Operating profit	1,007,514	2,418,324
Depreciation	7,467	8,710
Increase in debtors	(2,131,796)	(17,305,675)
Increase in creditors	705,419	2,005,283
Net cash outflow from operating activities	<u>(411,396)</u>	<u>(12,873,358)</u>



# Excel Securities plc

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2008

#### 17 CASH FLOWS *(continued)*

##### b RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase/(decrease) in cash in the period	25,672	(1,492,997)
Net cash (inflow) from bank loans	(1,145,317)	(12,020,741)
CHANGE IN NET DEBT	<u>(1,119,645)</u>	<u>(13,513,738)</u>
NET DEBT AT 1 APRIL 2007	(35,069,964)	(21,556,226)
NET DEBT AT 31 MARCH 2008	<u>(36,189,609)</u>	<u>(35,069,964)</u>

##### c Analysis of net debt

	At 1 April 2007 £	Cash flows £	At 31 March 2008 £
Cash in hand and at bank	134,174	25,672	159,846
Debt due within 1 year	(32,754,138)	(1,145,317)	(33,899,455)
Debt due after 1 year	<u>(2,450,000)</u>	<u>—</u>	<u>(2,450,000)</u>
	(35,204,138)	(1,145,317)	(36,349,455)
Total	<u>(35,069,964)</u>	<u>(1,119,645)</u>	<u>(36,189,609)</u>