Company Registration No. 3849301

BLAIR ENDERSBY LIMITED

Report and Financial Statements

For the year ending 31 December 2011

BLAIR ENDERSBY LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T J O'Neill

COMPANY SECRETARY

P Nicholson

REGISTERED OFFICE

8 St John Street
Manchester
M3 4DU

BANKERS

National Westminster Bank Plc
1 Spinningfields Square
Manchester
M3 3AP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The Director presents his annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was the provision of nominee and supervisory services in respect of Individual Voluntary Arrangements (IVAs)

REVIEW OF THE BUSINESS AND GOING CONCERN

The audited financial statements for the year ended 31 December 2011 are set out on page 7 to 15

Following a strategic review of the business, the Company sold substantially all of its IVA book to Grant Thornton LLP on 15 April 2011 for £17 25m This transaction generated a net gain approximately £7 5m which was used to repay part of the Group's secured loan facilities with Landsbanki Commercial Finance

A small number of IVAs were retained under the Company's supervision, the large majority of these have now either been formally closed or transferred to other Insolvency Practitioners As at the year end the operations of the Company were being managed down and has now ceased to trade Therefore the financial statements have been prepared on a basis other than that of going concern However, the assets are sufficient to meet the liabilities as at the balance sheet date and therefore no adjustments have been made to the financial statements from those that would have been presented on a going concern basis

The Paymex group continues to offer IVA solutions to its clients but applications meeting the criteria are referred to external providers who will undertake the role of nominee and supervisor

DIRECTORS

The Directors who served during the year under review and thereafter were

T J O'Neill
P Nicholson (Appointed 14 April 2011, Resigned 18 April 2011)
S Brilus (Resigned 1 January 2011)
R J Sheldon (Resigned 25 March 2011)

DIVIDENDS

The Company paid a dividend of £8,000,000 during the financial year (2010 £nil))

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's financial instruments other than short term debtors and creditors, comprised cash balances and hire purchase contracts The Company did not trade in financial instruments nor did it enter into any derivative transactions

The main risks to the Company, and the policies adopted by the directors to minimise their effects on the Company, were as outlined below These risks have been removed due to the sale of the IVA book in April 2011

Interest rate and liquidity risk

Interest rate and liquidity risk are managed by the Group's treasury function through the drawdown of cash available under the parent company's secured loan facility The repayment of the Group loan with Landsbanki Commercial Finance has effectively removed this risk

Credit risk

Debts in respect of IVAs were spread over a large number of debtors and therefore no individual debtor represented a significant risk and provision on individual balances was made where appropriate The sale of the IVA book after the year end effectively eliminates this credit risk

Foreign currency risk

The Directors believe that there is no foreign currency exposure All bank balances are held in Sterling and no transactions are carried out in foreign currencies

BLAIR ENDERSBY LIMITED

DIRECTORS' REPORT

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the Company's policy to comply with the agreed credit terms of its suppliers At the year end the Company had an average creditor days outstanding of 10 days (2010 25 days)

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any charitable or political donations during the year (2010 same)

SOCIAL RESPONSIBILITY

The Company has considered its activities and their impact in all respects We are committed to ensuring that the Company delivers value to our customers in a way that is both socially and environmentally acceptable and sustainable

We similarly have a socially responsible approach to our employment policies with family-friendly working being introduced wherever possible

EMPLOYEE INVOLVEMENT

The Company placed considerable value on the involvement of its employees and kept them informed on matters affecting them as employees and in the various factors affecting the performance of the Company

DISABLED EMPLOYEES

The Company continued its policy regarding employment of disabled persons Applications for employment by disabled persons are always given full and fair consideration, bearing in mind the particular aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training, including re-training, is arranged It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

DIRECTORS INDEMNITIES

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

AUDITOR

A resolution for the re-appointment of Deloitte LLP will be proposed at the next AGM

In the case the person who is Director of the Company at the date when this report was approved

- 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 to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board on 26 June 2012

TJ O'Neill
Director

8 St John Street
Manchester
M3 4DU

DIRECTORS' RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Director is 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 He is 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 BLAIR ENDERSBY LIMITED

We have audited the financial statements of Blair Endersby Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Director and auditor

As explained more fully in the Director's Responsibilities Statement, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Director, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter- Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements, which explains that the financial statements have been prepared other than that of a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 BLAIR ENDERSBY LIMITED

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 Director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Williams (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

26 JUNE 2012

BLAIR ENDERSBY LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	1	11,125,896	11,298,783
Administrative expenses		(7,946,357)	(9,737,822)
OPERATING PROFIT		3,179,539	1,560,961
Profit on disposal of discontinued operations	3	7,506,169	-
Interest receivable	4	100,474	
Interest payable and similar charges	5	(309,777)	(1,550,562)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	10,476,405	10,399
Tax on profit on ordinary activities	7	(2,518,211)	(4,904)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	15	7,958,194	5,495
DIVIDEND PAID	8	(8,000,000)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR	16	(41,806)	5,495

All results are derived from discontinuing operations

There are no recognised gains and losses for the current or preceding financial year, other than as stated above Therefore, no statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of these financial statements

BLAIR ENDERSBY LIMITED

BALANCE SHEET
As at 31 December 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	-	122,430
CURRENT ASSETS			
Debtors	10	2,125,099	8,679,673
Cash at bank and in hand		7,176	14,802
		2,132,275	8,694,475
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(2,131,275)	(8,774,099)
NET CURRENT ASSETS/(LIABILITIES)		1,000	(79,624)
NET ASSETS		1,000	42,806
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	-	41,806
SHAREHOLDER'S FUNDS	16	1,000	42,806

Company registration number 3849301

These financial statements were approved by the Director on 26 June 2012

TJ O'Neill

Director

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the current and preceding year are set out below

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards In accordance with FRS 1 Cash flow statements (revised 1996), the Company has not presented its own cash flow statement as it is a 100% subsidiary of Paymex Limited and its cash flows are included in the consolidated cash flow statement presented in the financial statements of that Company

Going concern

As outlined in the Directors' Report, on 15 April 2011 the Company sold substantially all of its IVA book to Grant Thornton LLP As at the year end the operations of the Company were being managed down and has now ceased to trade Therefore the financial statements have been prepared on a basis other than that of a going concern However, the disposal proceeds are sufficient to cover the carrying value of its assets and meet the liabilities as at the balance sheet date and therefore no adjustments have been made to the financial statements from those that would have been presented on a going concern basis

Turnover

Turnover represents fees earned in respect of the provision of financial solutions to individuals who are experiencing debt problems Turnover consists of nominee and supervisory fees arising from Individual Voluntary Arrangements (IVAs) Revenue from IVA fees is recognised once approval for the IVA has been obtained at the meeting of creditors The total revenue receivable from the IVA is recognised during the life of the IVA based upon the fair value of the service provided, based upon the proportion of work completed to date as a function of the total value of anticipated work less a provision for credit risk

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings	20% on cost
Office and computer equipment	20 - 33% on cost
Motor vehicles	25% on cost

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and the laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Employer Financed Retirement Benefit Schemes (EFRBSs)

In a previous year the Group established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Paymex Limited Employer Financed Retirement Benefit Scheme ('The Scheme")

In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements", the Company does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not have control of the rights or other access to those future economic benefits

Client funds

Client funds are monies held in client trustee accounts on behalf of individuals who have entered into Individual Voluntary Arrangements All client funds are maintained in client trustee accounts and there is no right of set off between the client accounts and the company office account These accounts do not form part of the assets of the Company but are disclosed by way of note (note 16)

2. STAFF COSTS

	2011 £	2010 £
Wages and salaries	1,804,897	3,097,710
Social security costs	208,099	310,449
	2,012,996	3,408,159

The average monthly number of persons employed by the Company, excluding Directors, during the year was

	2011 Number	2010 Number
Administration	17	74

No director received remuneration in the current or preceding financial year

3. PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

During the year the Company disposed of the trade and assets of its IVA operations for proceeds of £17 3m, generating an exceptional profit on disposal of £7 5m

The effect of the exceptional item on the amounts charged to the profit and loss account for taxation were £1,970,369

4. INTEREST RECEIVABLE

	2011 £	2010 £
Other interest	100,474	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest on bank overdraft	-	78
Interest on finance lease agreements	367	2,739
Interest on loans from group undertakings	309,410	1,547,745
	309,777	1,550,562

The interest charge on loans from group undertakings represents a recharge of a portion of the interest incurred by the parent company on its borrowings

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £	2010 £
The profit on ordinary activities before taxation is stated after charging		
Operating leases – land & buildings	210,064	104,739
Depreciation – owned assets	6,141	95,785
Depreciation – leased assets	26,805	75,721
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11,551	22,418

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

UK Corporation tax	2011 £	2010 £
Current year	2,512,777	18,398
Adjustment in respect of prior years	(13,511)	444
Total current tax	2,499,266	18,842
Deferred taxation (note 10)	18,945	(13,938)
Tax on profit on ordinary activities	2,518,211	4,904

Factors affecting the tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the UK The difference is explained below

	2011 £	2010 £
Profit on ordinary activities before tax	10,476,405	10,399
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 28%)	2,776,247	2,912
Effects of		
Expenses not deductible for tax purposes	-	92
Utilisation of Group relief	(269,274)	-
Adjustment in respect of previous years	(10,461)	444
Impact of change in corporation tax rates	-	1,456
Depreciation in excess of capital allowances	2,754	13,938
Current tax charge	2,499,266	18,842

8. DIVIDEND PAID

	2011	2010
	£	£
Dividend paid of £4,000 (2010 Nil) per share	8,000,000	-

9. TANGIBLE FIXED ASSETS

	Motor vehicles	Fixtures and fittings	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2011	20,402	215,396	939,169	1,174,967
Additions	-	392	-	392
Transfer to fellow subsidiary	(20,402)	(215,788)	(939,169)	(1,175,359)
At 31 December 2011	-	-	-	-
Depreciation				
At 1 January 2011	13,126	205,751	833,660	1,052,537
Charge for year	1,276	21,018	10,652	32,946
Transfer to fellow subsidiary	(14,402)	(226,769)	(844,312)	(1,085,483)
At 31 December 2011	-	-	-	-
Net book value				
At 31 December 2011	-	-	-	-
At 31 December 2010	7,276	9,645	105,509	122,430

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows

	Office equipment
	£
Cost	
At 1 January	239,525
Completion of lease	(189,896)
Transfer to fellow subsidiary	(49,629)
At 31 December 2011	-
Depreciation	
At 1 January 2011	206,842
Charge for year	26,805
Completion of lease	(189,896)
Transfer to fellow subsidiary	(43,751)
At 31 December 2011	-
Net book value	
At 31 December 2011	-
At 31 December 2010	32,683

The hire purchase and finance lease obligations are secured upon the relevant assets

BLAIR ENDERSBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

10. DEBTORS

	2011 £	2010 £
Trade debtors	-	8,510,037
Prepayments & accrued income	-	150,691
Amount due from Group undertaking	2,125,099	-
Deferred tax asset	-	18,945
	2,125,099	8,679,673

	2011 £	2010 £
Deferred tax		
Deferred tax asset		
Accelerated capital allowances	-	18,945
Asset brought forward	18,945	5,007
(Charge)/credit to profit and loss account (note 7)	(18,945)	13,938
Asset carried forward	-	18,945

Included within debtors is an amount of £nil (2010 £18,945) in respect of a deferred tax asset which relates to capital allowances lower than depreciation charges and is recoverable after more than one year

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Obligations under finance leases	1,306	12,288
Trade creditors	31,329	302,231
Amounts owed to parent undertaking	-	6,297,842
Corporation tax	2,014,329	18,398
Social security & other taxes	-	1,427,683
Accruals and deferred income	84,311	715,657
	2,131,275	8,774,099

12. FINANCE LEASE OBLIGATIONS

Net obligations under finance lease and hire purchase agreements fall due as follows

	2011 £	2010 £
Within one year	1,306	12,288

13. CONTINGENT LIABILITIES

The Company is party to cross guarantee agreements with its Parent Company and fellow subsidiary undertakings in respect of secured loans made to a fellow subsidiary company (2010 Parent Compay) As at 31 December 2011 the balance on the secured loan was £6,899,386 (2010 £29,218,337) This loan is secured on the future cash receipts from the Group's debt management book and a floating charge over the assets of the Group

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

14. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Authorised.		
1,000 ordinary 'A' class shares of 50p each	500	500
1,000 ordinary 'B' class shares of 50p each	500	500
	1,000	1,000
Allotted, issued and fully paid		
1,000 ordinary 'A' class shares of 50p each	500	500
1,000 ordinary 'B' class shares of 50p each	500	500
	1,000	1,000

The rights of each class of share can be summarised as follows 'A' shares owned by non-founders and 'B' shareholders are not entitled to vote at general meetings of the Company The profits which the Company may determine to distribute in respect of any financial period shall be distributed as to 12 5% of the distribution amongst the holders of 'B' class in proportion to the amounts paid up (excluding premium) by them respectively, and as to 87 5% of the distribution amongst the holders of the 'A' class shares in proportion to the amounts paid up (excluding premium) by them respectively In the event of a share sale, listing, liquidation or disposal, the 'B' shareholders are entitled to 30% of any proceeds above an amount specified by the Articles, the 'A' shareholders are due to the balance of net exit proceeds

15. RESERVES

	Profit & loss account £
At 1 January 2011	41,806
Profit after tax for the year	7,958,194
Dividends paid	(8,000,000)
At 31 December 2011	-

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
Profit after tax for the financial year	7,958,194	5,495
Dividends paid	(8,000,000)	-
Net (reduction)/addition to shareholder's funds	(41,806)	5,495
Opening shareholder's funds	42,806	37,311
Closing shareholder's funds	1,000	42,806

17. CLIENT FUNDS HELD

At the year end the Company held £591,507 (2010 £12,958,198) in client trustee accounts on behalf of individuals who have entered in to Individual Voluntary Arrangements These amounts relate to the small number of IVAs retained by the Company, since the year end the large majority of these cases have either been formally closed or transferred to another Insolvency Practitioner

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

18. ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company ıs a 100% subsıdıary of Paymex Lımıted, a company under the control of T J O'Neıll, the Chaırman and majorıty shareholder The Company's results are ıncluded ın the consolıdated group accounts of Paymex Lımıted whıch are avaılable to the publıc from Companıes House, Crown Way, Cardıff The Company has not dısclosed those balances arısıng from transactıons wıth Paymex or ıts fellow 100% owned subsıdıarıes