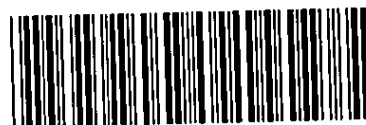


**BAINES & ERNST (NUMBER 2) LIMITED
(FORMERLY BUCHANAN ROXBURGH
LIMITED)**

Report and Financial Statements

For the year ended 31 December 2011

SATURDAY



A53 *A1HZ26HC* #179
22/09/2012
COMPANIES HOUSE

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

REPORT AND FINANCIAL STATEMENTS 2011

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BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

TJ O'Neill
P Nicholson
S Brilus

COMPANY SECRETARY

CP Brooks

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

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the Company was the provision of insolvency services, including Protected Trust Deeds (PTDs)

CHANGE OF NAME

On 29 November 2011 the Company changed its name to Baines & Ernst (Number 2) Limited

REVIEW OF THE BUSINESS AND GOING CONCERN

The audited financial statements for the year ended 31 December 2011 are set out on pages 6 to 13

Following a strategic review by the Group, the Company completed the sale of its trade and assets including its book of PTDs for £1.2m in November 2011. The proceeds are being paid by the purchaser in stages from November 2011 to November 2012. The sale generated a gain on disposal of £746.

As a result of this transaction the principal operations of the Company came to an end and the Company has ceased trading. 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.

DIRECTORS

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

TJ O'Neill
P Nicholson
MH Roxburgh (Resigned 21 November 2011)
S Brilus

SMALL COMPANIES' EXEMPTION

This Company qualifies as small in accordance with the provisions of section 382 (3) of the Companies Act 2006 and is therefore exempt from the requirement to present an enhanced business review.

DIVIDENDS

The Company did not pay a dividend during the financial year (2010 same)

AUDITOR

A resolution for the re-appointment of the auditor will be proposed at the next AGM.

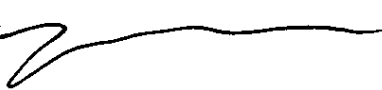
In the case of each of the persons who are Directors of the Company at the date when this report was approved

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each of the Directors 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.

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



BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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

- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

We have audited the financial statements of Baines & Ernst (Number 2) Limited (Formerly Buchanan Roxburgh 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 16. 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB'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 Directors, 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 loss 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 disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis 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 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 BAINES & ERNST
(NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH 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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



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

26 JUNE 2012

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	1	1,452,560	1,486,890
Administrative expenses		(1,424,810)	(1,470,365)
OPERATING PROFIT		27,750	16,525
Profit on disposal of discontinued operations	3	746	-
Interest payable and similar charges	4	(76)	(591)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	28,420	15,934
Tax on profit on ordinary activities	6	(161,183)	(1,782)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	14	(132,763)	14,152

All results are derived from discontinued operations

There are no recognised gains and losses for the current or preceding 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.

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

BALANCE SHEET
As at 31 December 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	-	29,721
CURRENT ASSETS			
Debtors	8	1,128,283	1,868,725
Cash at bank and in hand		22,756	3,533
CREDITORS: amounts falling due within one year	9	1,151,039 (1,150,939)	1,872,258 (436,640)
NET CURRENT ASSETS		100	1,435,618
TOTAL ASSETS LESS CURRENT LIABILITIES		100	1,465,339
CREDITORS: amounts falling due after more than one year	10	-	(1,332,476)
NET ASSETS		100	132,863
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	-	132,763
SHAREHOLDER'S FUNDS	14	100	132,863

Company registration number 3849305

These financial statements were approved by the Board of Directors on 26 June 2012

Signed on behalf of the Board of Directors

TJ O'Neill
Director



The accompanying notes are an integral part of these financial statements

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2011**

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and preceding period 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 cashflows 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 21 November 2011 the Company sold its trade and assets, including its book of PTDs. As a result the principle operations of the Company came to an end and the Company has ceased trading. 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 represented fees earned in respect of the provision of financial solutions to individuals who are experiencing debt problems. Turnover consisted of trustee fees and disbursements arising from Protected Trust Deeds (PTDs). Revenue from PTD fees is recognised once the deed becomes protected. The total revenue receivable from the PTD is recognised over the life of the PTD 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

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset (less estimated residual value) on a straight line basis over its expected useful life, as follows:

Fixtures and fittings	20% on cost
Computer equipment	33% on cost

Operating Leases

Rentals paid under operating leases are charged on a straight line basis over the lease term, even if the 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.

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

Employer Financed Retirement Benefit Schemes (EFRBSs)

In previous years 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 Protected Trust Deeds. 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 15).

2. STAFF COSTS

	2011 £	2010 £
Wages and salaries	738,454	658,314
Social security costs	56,392	63,186
	<u>794,846</u>	<u>721,500</u>

The average monthly number of employees including directors during the year was as follows

	2011 Number	2010 Number
Administrative staff	<u>18</u>	<u>22</u>

Directors' emoluments for the year were as follows

	2011 £	2010 £
Directors emoluments	52,224	121,466
Compensation for loss of office	150,000	-
	<u>202,224</u>	<u>121,466</u>

Information regarding the highest paid director is as follows

	2011 £	2010 £
Emoluments and benefits in kind	<u>202,224</u>	<u>121,466</u>

3. PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

During the year the Company disposed of its operating trade and assets for proceeds of £1.2m, generating an exceptional profit on disposal of £746.

The effect of the exceptional item on the amounts charged to the profit and loss account for taxation was £196.

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest on bank overdraft	76	591

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging

	2011 £	2010 £
Depreciation – owned assets	9,517	15,079
Loss on disposal of fixed assets	21,437	-
Rentals under operating leases	32,520	34,471
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4,249	6,609

6 TAXATION

Analysis of the tax charge

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

	2011 £	2010 £
Current tax		
UK corporation tax	160,188	2,111
Adjustment in respect of prior years	773	1,665
Total current tax	160,961	3,776
Deferred taxation (note 8)	222	(1,994)
Tax on profit on ordinary activities	161,183	1,782

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	28,420	15,934
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 26.5% (2010: 28%)	7,531	4,461
Effects of		
Expenses not deductible for tax purposes	710	364
Adjustment in respect of previous years	716	1,665
Surrender / (utilisation) of group relief	152,226	(3,150)
Impact of change in corporation tax rates	-	1,987
Depreciation in excess of capital allowances	(222)	(1,551)
Current tax charge	160,961	3,776

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

7. TANGIBLE FIXED ASSETS

The movement in the year was as follows

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2011	39,224	25,761	64,985
Additions	1,233	-	1,233
Disposals	(40,457)	(25,761)	(66,218)
At 31 December 2011	-	-	-
Depreciation			
At 1 January 2011	14,471	20,793	35,264
Charge for year	6,648	2,869	9,517
Disposal	(21,119)	(23,662)	(44,781)
At 31 December 2011	-	-	-
Net book value			
At 31 December 2011	-	-	-
At 31 December 2010	24,753	4,968	29,721

8. DEBTORS

	2011 £	2010 £
Trade debtors	32,712	1,848,012
Other debtors	1,095,571	-
Prepayments and accrued income	-	20,491
Deferred tax asset	-	222
	<u>1,128,283</u>	<u>1,868,725</u>
Deferred tax	2011 £	2010 £
Deferred tax asset	-	222
Depreciation greater than capital allowances	-	222
Balance brought forward	222	(1,772)
Movement in provision (note 6)	(222)	1,994
Balance carried forward	<u>-</u>	<u>222</u>

Trade debtors include an amount of £nil (2010 £716,638) recoverable after more than one year

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	36,099	24,791
Amounts due to group undertakings	739,803	-
Corporation tax	160,187	2,111
Social security & other taxes	3,474	197,541
Accruals and deferred income	211,376	212,197
	<u>1,150,939</u>	<u>436,640</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Amounts owed to parent undertaking	<u>-</u>	<u>1,332,476</u>

11. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid under operating leases

	Land & buildings operating lease 2011 £	2010 £
Expiry date		
- within one year	57,378	-
- between two to five years	<u>-</u>	<u>36,815</u>
	<u>57,378</u>	<u>36,815</u>

12. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Authorised Number.		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

BAINES & ERNST (NUMBER 2) LIMITED (FORMERLY BUCHANAN ROXBURGH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

13. RESERVES

	Profit & loss account £
At 1 January 2011	132,763
Retained loss for the year	(132,763)
	<hr/>
At 31 December 2011	-
	<hr/> <hr/>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
(Loss)/profit for the financial year	(132,763)	14,152
	<hr/>	<hr/>
Net (reduction)/addition to shareholder's funds	(132,763)	14,152
Opening shareholder's funds	132,863	118,711
	<hr/>	<hr/>
Closing shareholder's funds	100	132,863
	<hr/> <hr/>	<hr/> <hr/>

15. CLIENT FUNDS HELD

As at 31 December 2011 the Company held £nil (2010 £4,000,781) in client trustee accounts on behalf of individuals who have entered in to Protected Trust Deeds. These amounts were not included within the assets and liabilities of the Company. On disposal of the trade and assets of the business, the custody of the client funds were transferred to the purchaser.

16. ULTIMATE HOLDING COMPANY AND RELATED PARTIES

The Company is a 100% subsidiary of Paymex Limited, a company under the control of T J O'Neill, the Chairman and majority shareholder. The Company's results are included in the consolidated Group accounts of Paymex Limited which are available to the public from Companies House, Crown Way, Cardiff. The Company has not disclosed those balances arising from transactions with Paymex or its fellow 100% owned subsidiaries.