

INTERMEDIATE FINANCE PLC  
Annual Report and Financial Statements  
For the year ended  
31 March 2012

(Company No - 3869792)

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## **INTERMEDIATE FINANCE PLC**

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## **INTERMEDIATE FINANCE PLC**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was set up to provide mezzanine finance to companies in the United Kingdom and Western Europe

During the year the majority of the company's activity was to receive proceeds from its remaining portfolio. The company made a loss before taxation of £0.7m (2011 loss before taxation of £0.3m) and a retained loss of £1.8m (2011 – profit £3.3m). The directors have considered the future outlook of Intermediate Finance PLC (IF) and believe the company will continue to operate in the foreseeable future as an investment holding company within Intermediate Capital Group PLC (ICG). The directors expect its remaining portfolio to continue to be realised and have no plans to make further investments or raise additional debt within this company.

The company is a wholly owned subsidiary within the ICG group. Financial risk and operational management policies including those in relation to the financial instruments are determined for the group as a whole and are set out in note 30 of the consolidated financial statements of ICG.

#### **KEY PERFORMANCE INDICATORS (KPI'S)**

The company has realised or transferred the majority of its portfolio and as a result the Board does not specifically review KPIs for the company. The Board of the ultimate parent company review a range of financial and non-financial KPI's on a group basis that are also applicable to the company. These are set out in the Business Review of the consolidated financial statements of ICG.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company's financial assets and liabilities are to group companies or former group companies. Additional information on principal risks and uncertainties is given in note 11. The key risk to IF as a business is foreign exchange risk.

#### **GOING CONCERN**

The risk profile and related uncertainty of IF has increased with the continued economic uncertainty. The directors believe that IF has access to adequate financial resources, through ICG, to continue in operational existence for the foreseeable future despite the current uncertain economic climate. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

#### **DIRECTORS**

The directors of the company, who served throughout the year except as noted were:

K M Rennie (resigned 14 September 2011)

P H Keller

C A Evans (appointed 14 September 2011)

The directors who held office at year end had no interests, as defined by the Companies Act 2006, in the shares of the company at any time during the year. Their interests in the shares of the ultimate parent company, Intermediate Capital Group PLC, are disclosed in the financial statements of that company.

#### **DIVIDEND**

The directors do not recommend a payment of a dividend for the year (2011: £nil).

**INTERMEDIATE FINANCE PLC**

**DIRECTORS' REPORT (continued)**

**AUDITOR**

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting

**DIRECTORS INDEMNITY**

The company, through its ultimate parent company, Intermediate Capital Group PLC, has Directors and Officers Insurance for all directors and executives that covers all employment related activities

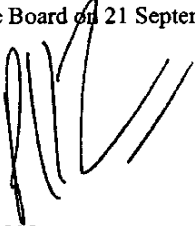
**AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By Order of the Board on 21 September 2012



P H Keller  
Director  
21 September 2012

## **INTERMEDIATE FINANCE PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts 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, International Accounting Standard 1 requires that directors

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERMEDIATE FINANCE PLC**

We have audited the financial statements of Intermediate Finance PLC for the year ended 31 March 2012 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of directors and 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 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 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### **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.

### **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.



Calum Thomson FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
21 September 2012

# INTERMEDIATE FINANCE PLC

## Statement of Comprehensive Income for the year ended 31 March 2012

|  | <u>Notes</u> | <u>Year Ended</u><br><u>31 March 2012</u> | <u>Year Ended</u><br><u>31 March 2011</u> |
|--|--------------|---|---|
|  |              | <u>£m</u>                                 | <u>£m</u>                                 |
| Dividend Income                                    | 2            | -   | 0.6                                       |
| Interest payable and other related financing costs | 3            | -   | (1.3)                                     |
| Net loss on foreign exchange                       |              | (0.7)                                     | (0.2)                                     |
| Capital Gains                                      | 10           | -   | 0.6                                       |
| LOSS BEFORE TAX                                    |              | <u>(0.7)</u>                              | <u>(0.3)</u>                              |
| Tax (expense) / income                             | 5            | <u>(1.1)</u>                              | <u>3.6</u>                                |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR     |              | <u>(1.8)</u>                              | <u>3.3</u>                                |

*The current and preceeding years' activities are derived from continuing operations*

## Statement of Changes in Equity for the year ended 31 March 2012

| <u>Year Ended 31 March 2012</u>         | <u>Share Capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|---|----------------------|--------------------------|--------------|
|   | <u>£m</u>            | <u>£m</u>                | <u>£m</u>    |
| Balance at beginning of the year        | 62.6                 | 13.0                     | 75.6         |
| Total Comprehensive Loss for the year   | -                    | (1.8)                    | (1.8)        |
|   | <u>62.6</u>          | <u>11.2</u>              | <u>73.8</u>  |
| <br><u>Year Ended 31 March 2011</u>     |                      |                          |              |
|   | <u>£m</u>            | <u>£m</u>                | <u>£m</u>    |
| Balance at beginning of the year        | 62.6                 | 9.7                      | 72.3         |
| Total Comprehensive income for the year | -                    | 3.3                      | 3.3          |
|   | <u>62.6</u>          | <u>13.0</u>              | <u>75.6</u>  |

*The accompanying notes are an integral part of these financial statements*

# INTERMEDIATE FINANCE PLC

## Statement of Financial Position

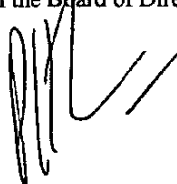
as at 31 March 2012

|   | <u>Notes</u> | <u>As at</u><br><u>31 March 2012</u> | <u>As at</u><br><u>31 March 2011</u> |
|---|--------------|--------------------------------------|--------------------------------------|
|   |              | <u>£m</u>                            | <u>£m</u>                            |
| <b>CURRENT ASSETS</b>                   |              |                                      |                                      |
| Trade and other receivables             | 6            | 98.2                                 | 101.2                                |
| Financial assets loans and investments  | 7            | 0.4                                  | 0.6                                  |
| <b>TOTAL ASSETS</b>                     |              | <u>98.6</u>                          | <u>101.8</u>                         |
| <br><b>EQUITY AND RESERVES</b>          |              |                                      |                                      |
| Called up share capital                 | 8            | 62.6                                 | 62.6                                 |
| Retained earnings                       |              | <u>11.2</u>                          | <u>13.0</u>                          |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>       |              | 73.8                                 | 75.6                                 |
| <br><b>CURRENT LIABILITIES</b>          |              |                                      |                                      |
| Trade and other payables                | 9            | 24.8                                 | 26.2                                 |
|   |              | <u>24.8</u>                          | <u>26.2</u>                          |
| <br><b>TOTAL EQUITY AND LIABILITIES</b> |              | <u>98.6</u>                          | <u>101.8</u>                         |

These financial statements of Intermediate Finance PLC, registered number 3869792 were approved by the Board of Directors and authorised for issue on 21 September 2012

Signed on behalf of the Board of Directors by

P H Keller





# INTERMEDIATE FINANCE PLC

## Statement of Cash Flow for the year ended 31 March 2012

|  | <u>Year Ended</u><br><u>31 March 2012</u> | <u>Year Ended</u><br><u>31 March 2011</u> |
|--|---|---|
|  | <u>£m</u>                                 | <u>£m</u>                                 |
| <b>Financing activities</b>                      |   |   |
| Cash payments to group companies                 | -   | -   |
| Net cash from financing activities               | -   | -   |
| <b>Net increase in cash and cash equivalents</b> | -   | -   |
| Cash and cash equivalents at beginning of year   | -   | -   |
| <b>Cash and cash equivalents at end of year</b>  | -   | -   |

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### GENERAL INFORMATION

Intermediate Finance Plc is a company incorporated in the United Kingdom under the Companies Act with registration number 3869792. The address of the registered office is detailed in note 13. The nature of the Company's operations and principle activities are set out in the Directors' report.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

| <u>International Financial Reporting Standards (IAS/IFRS)</u> |   | <u>Accounting periods commencing after</u> |
|---|---|--|
| IFRS 9  | Financial Instruments: Classification and measurement and additions to financial liability accounting | 1 January 2015                             |
| IFRS 11   | Joint Arrangements  | 1 January 2013                             |
| IFRS 12   | Disclosure of Interests in Other Entities   | 1 January 2013                             |
| IFRS 13   | Fair Value Measurement  | 1 January 2013                             |

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company, except for the treatment of certain financial assets when IFRS 9 comes into effect. The impact of this cannot be estimated at this time.

#### 1 ACCOUNTING POLICIES

##### (a) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union.

The financial statements have been prepared on the historical cost basis, as modified to include the fair valuation of certain financial instruments.

The principal accounting policies are set out below.

##### (b) Going Concern

The company's business activities and factors likely to affect its performance are set out in the Directors' report on pages 2 and 3. The financial statements have been prepared on the going concern basis as the company is forecast to continue to meet its obligations as they fall due based on its working capital projections. The company has sufficient financial resources, and is expected to continue in operational existence for the foreseeable future. As a consequence, the Directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook.

##### (c) Interest income and expense

Interest income and expense on financial assets and liabilities held at amortised cost are measured using the effective interest rate method, which allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. The expected life of an instrument is estimated by the relevant Investment Executive using knowledge gained from the close monitoring of the investment and their presence on the board of the portfolio company.

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 1. ACCOUNTING POLICIES (continued)

(d) Dividend income

Dividend income from investments is recognised in the income statement when the shareholders' rights to receive payment have been established

(e) Fee income and expense

Fees include waiver and prepayment fees and are recognised at the time they are received. Fees payable on the arrangement of balance sheet funding are included within interest expense as part of the effective interest rate calculation. Other fees are expensed as incurred.

(f) Expense recognition

Deferred consideration payable to Mezzanine Finance (Guernsey) Ltd and Intermediate Finance (Guernsey) Ltd, on assets sold to the company, is recognised as Interest expense.

(g) Taxation

Provision is made for taxation at the current enacted tax rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

(h) Foreign exchange

The financial statements of the company are presented in the currency of the primary economic environment in which it operates. For the purpose of the financial statements, the results and financial position of the company are expressed in pounds sterling, which is the functional currency of the company and the presentation currency for the financial statements. The assets and liabilities of the company's foreign operations are translated using the exchange rates prevailing on the balance sheet date. The income and expense items are translated using the exchange rates at the date of the transactions. Exchange differences arising are classified as equity and transferred to the company's translation reserve.

Foreign currency monetary transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are re-translated at the rates prevailing on the balance sheet date. Exchange differences on the retranslation of monetary items are recognised in the income statement for the period.

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 1. ACCOUNTING POLICIES (continued)

##### (i) Financial assets

###### *(i) Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement

###### *(ii) Loans and receivables*

Loans and receivables, held at amortised cost, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include loans made as part of the Company's operating activities as well as trade and other receivables, cash and cash equivalents. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Loans and receivables are initially recognised at fair value including direct and incremental transaction costs and subsequently valued at amortised cost using the effective interest rate method.

###### *(iii) Available for sale ("AFS")*

Unlisted equity securities are categorised as AFS. AFS financial assets are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at fair value with gains and losses arising from changes in fair value included as a separate component of equity until the sale or impairment, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

##### (j) Impairment of financial assets

A financial asset other than one classified as fair value through profit and loss, is impaired and impairment losses are incurred if, and only if, there is objective evidence of a fall in value of that asset as a result of events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate.

If there is objective evidence of impairment for financial assets classified as AFS, the loss is removed from equity and recognised in the income statement.

With the exception of AFS assets, if in a subsequent period the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying value of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 1. ACCOUNTING POLICIES (continued)

##### (k) Shares and warrants

Shares and warrants are initially recognised at fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis

##### (l) Financial liabilities

All financial liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method

##### (m) Significant estimates/uncertainties

The significant accounting estimates in these financial statements are considered to relate to valuations of impaired assets, equity investments and warrants. The estimates and associated assumptions are based on historical experience and other relevant factors, and are reviewed on an ongoing basis. Actual results may differ from these estimates.

##### (n) Dividend Recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid and, in the case of final dividends, when these are approved by the Company's shareholders at the AGM.

Dividend distributions are recognised as a deduction from equity.

#### 2. DIVIDEND INCOME

|   | <u>Year Ended</u><br><u>31 March 2012</u><br><u>£m</u> | <u>Year Ended</u><br><u>31 March 2011</u><br><u>£m</u> |
|---|--|--|
| Dividend income from equity investments | -  | 0.6  |
|   | <u>-</u>   | <u>0.6</u>   |

#### 3. INTEREST PAYABLE AND OTHER RELATED FINANCING COSTS

|                        | <u>Year Ended</u><br><u>31 March 2012</u><br><u>£m</u> | <u>Year Ended</u><br><u>31 March 2011</u><br><u>£m</u> |
|------------------------|--|--|
| Deferred consideration | -  | 1.3  |
|                        | <u>-</u>   | <u>1.3</u>   |

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 4. ADMINISTRATIVE EXPENSES

The directors did not receive any remuneration for their services to the company in the current or prior year. The company has not employed any staff in the current or prior year. The auditor's remuneration in respect of the current and prior period was borne by the parent company. The audit fee for the year to 31 March 2012 was £7,250 (2011: £6,750).

#### 5. TAX EXPENSE/(INCOME)

|                              | <u>Year Ended</u><br><u>31 March 2012</u><br><u>£m</u> | <u>Year Ended</u><br><u>31 March 2011</u><br><u>£m</u> |
|------------------------------|--|--|
| Current tax                  | 0.7  | -  |
| Adjustment to prior year tax | 0.4  | (3.6)  |
|                              | <u>1.1</u>   | <u>(3.6)</u>   |

The tax assessed for the year is higher (2011: lower) than that resulting from applying the standard rate of corporation tax in the UK: 26% (2011: 28%). The differences are explained below.

|  | <u>Year Ended</u><br><u>31 March 2012</u><br><u>£m</u> | <u>Year Ended</u><br><u>31 March 2011</u><br><u>£m</u> |
|--|--|--|
| Loss on ordinary activities before tax         | (0.7)  | (0.3)  |
| Tax at 26% thereon (2011: 28%)                 | (0.2)  | (0.1)  |
| Effects of:                                    |  |  |
| Non-taxable income/non-deductible loss         | 0.9  | -  |
| Adjustment to prior period tax charge/(credit) | 0.4  | (3.6)  |
| Deferred tax not recognised                    | -  | 0.1  |
| Current tax charge/(credit) for year           | <u>1.1</u>   | <u>(3.6)</u>   |

#### 6. TRADE AND OTHER RECEIVABLES

|                                 | <u>As at</u><br><u>31 March 2012</u><br><u>£m</u> | <u>As at</u><br><u>31 March 2011</u><br><u>£m</u> |
|---------------------------------|---|---|
| Amounts owed by group companies | 96.6  | 98.5  |
| Corporation tax debtor          | 1.6   | 2.7   |
|                                 | <u>98.2</u>                                       | <u>101.2</u>                                      |

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

# INTERMEDIATE FINANCE PLC

## Notes to the Accounts for the year ended 31 March 2012

### 7. FINANCIAL ASSETS

|  | <u>As at</u><br><u>31 March 2012</u><br><u>£m</u> | <u>As at</u><br><u>31 March 2011</u><br><u>£m</u> |
|--|---|---|
| Loans and receivables held at amortised cost | 0.4   | 0.6   |
|  | <u>0.4</u>  | <u>0.6</u>  |

The directors consider that the carrying amount of loans and receivables approximates their fair value

### 8. CALLED-UP SHARE CAPITAL

|   | <u>As at</u><br><u>31 March 2012</u><br><u>£m</u> | <u>As at</u><br><u>31 March 2011</u><br><u>£m</u> |
|---|---|---|
| Allotted, called up and fully paid                              |   |   |
| 2 ordinary shares of £1 each (2011 2)                           | -   | -   |
| 90.5 million ordinary shares of 1 Euro each (2011 90.5 million) | 62.5  | 62.5  |
| Allotted, called up and one quarter paid                        |   |   |
| 49,998 ordinary shares of £1 each (2011 49,998)                 | 0.1   | 0.1   |
|   | <u>62.6</u>                                       | <u>62.6</u>                                       |

Called-up share capital has been translated at historical exchange rates which existed at the time of the share issue. No shares were issued during the year. At the year end all of the shares were held by Intermediate Finance (Guarantee) Limited.

### 9. TRADE AND OTHER PAYABLES

|                              | <u>As at</u><br><u>31 March 2012</u><br><u>£m</u> | <u>As at</u><br><u>31 March 2011</u><br><u>£m</u> |
|------------------------------|---|---|
| Amounts due to group company | 16.3  | 17.7  |
| Other payables               | 8.5   | 8.5   |
|                              | <u>24.8</u>                                       | <u>26.2</u>                                       |

The directors consider that the carrying amount of trade and other payables approximates to their fair value. The amounts are unsecured, repayable on demand and non-interest bearing.

### 10. GAINS ON INVESTMENTS

|                                | <u>Year ended 31</u><br><u>March 2012</u><br><u>£m</u> | <u>Year ended 31</u><br><u>March 2011</u><br><u>£m</u> |
|--------------------------------|--|--|
| Gains on loans and receivables | -  | 0.6  |
|                                | <u>-</u>   | <u>0.6</u>   |

## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 11. FINANCIAL ASSETS AND LIABILITIES

The company's financial assets and liabilities are to group companies and other creditors. No interest is charged or received on any outstanding balances.

##### (a) Foreign exchange risk

Financial assets and liabilities are in currencies other than sterling which gives rise to foreign exchange gains and losses. Foreign exchange policies including those in relation to the company are determined for the Group as a whole and are set out in note 30 of the consolidated financial statements of ICG PLC. The principal foreign currency exposures at year end in GBP equivalent are an exposure to EUR of £32.8m, an exposure to USD of £2.1m and a net liability exposure to DKK of £4.6m, exposure to SEK of £2.1m, and an exposure to SWF of £0.4m. All balances arose as a result of intercompany transactions.

The directors believe that the company's sensitivity to movement in exchange rates is not material. This assessment is based on applying a measure of the volatility of the applicable currency profile, as defined in the Group's Treasury Policy, to the net currency asset or liability at the balance sheet date.

##### (b) Liquidity risk

The company's only obligations are intercompany balances. The company's obligations to the Group companies of (£24.8m) are exceeded by debtors due from the Group companies of £96.6m. The directors believe that the company will not encounter difficulty in meeting obligations associated with financial liabilities as these are not expected to be settled to the Group in the foreseeable future. As the company's obligations are to the other Group companies, the directors do not expect the Group to require the company to settle their liabilities prior to receiving the payments from the other Group companies for their outstanding debtors.

##### (c) Credit risk

The carrying amount of financial assets before any impairments best represent the company's maximum credit exposure at the balance sheet date. The company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The company's counterparties are predominantly the Group companies and therefore there is minimal external credit risk exposure. Furthermore, the liquidity and capital funding of the Group's subsidiaries is managed on a group basis. See ICG PLC accounts for further details.

##### (d) Fair values

The carrying amount and estimated fair value of the company's financial instruments are set out below.

|                              | 2012                   |                   | 2011                   |                   |
|------------------------------|------------------------|-------------------|------------------------|-------------------|
|                              | <u>Carrying amount</u> | <u>Fair value</u> | <u>Carrying amount</u> | <u>Fair value</u> |
|                              | £m                     | £m                | £m                     | £m                |
| <b>Financial assets</b>      |                        |                   |                        |                   |
| Loans and receivables        | 0.4                    | 0.4               | 0.6                    | 0.6               |
| Trade and other receivables  | 96.6                   | 96.6              | 98.5                   | 98.5              |
| Cash at bank                 | -                      | -                 | -                      | -                 |
| <b>Financial liabilities</b> |                        |                   |                        |                   |
| Trade and other payables     | 24.8                   | 24.8              | 26.2                   | 26.2              |

Due to the short term nature of the financial assets and liabilities the directors consider the carrying value to be a good approximation of fair value.



## INTERMEDIATE FINANCE PLC

### Notes to the Accounts for the year ended 31 March 2012

#### 12 RELATED PARTY TRANSACTIONS

Balances and transactions due (to)/from the parent company and fellow subsidiaries are disclosed below

The following amounts were outstanding at the balance sheet date

|                                      | Due (to)/from             |                           |
|--------------------------------------|---------------------------|---------------------------|
|                                      | At 31 March<br>2012<br>£m | At 31 March<br>2011<br>£m |
| ICG Plc                              | 80.2                      | 80.1                      |
| Intermediate Capital Investments Ltd | 0.7                       | 0.8                       |
| Intermediate Finance II Plc          | (16.2)                    | (17.6)                    |
| Mezzanine Finance (Guernsey) Ltd     | 15.7                      | 17.6                      |
|                                      | 80.4                      | 80.9                      |

Intermediate Capital Investments Ltd, Intermediate Finance Plc and Mezzanine Finance (Guernsey) Ltd are considered to be related parties by virtue of the fact that they are also 100% owned by ICG Plc which is IF's ultimate parent company

#### 13 PARENT COMPANY

The controlling party and ultimate parent company is Intermediate Capital Group PLC, a company incorporated in Great Britain and registered in England and Wales. This is also the parent undertaking of the largest group which includes the company and for which group financial statements are prepared. Copies of the consolidated financial statements of that company are obtainable from Juxon House, 100 St Paul's Churchyard, London EC4M 8BU. The intermediate parent company is Intermediate Finance (Guarantee) Limited.

## **INTERMEDIATE FINANCE PLC**

### **CONTACTS AND ADVISORS**

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