

Preferred Funding One Limited

Report and Financial Statements

30 November 2008

Registered No: 3871334

WEDNESDAY



L0D1JDPK

LD6

30/09/2009

339

COMPANIES HOUSE

Preferred Funding One Limited

Registered No: 3871334

Directors

J Schroeder
Wilmington Trust SP Services (London) Limited
M H Filer

Secretary

Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London EC2M 7JH

Bankers

Barclays Bank Plc
54 Lombard Street
London EC3V 9EX

Solicitors

Clifford Chance
10 Upper Bank Street
London E14 5JJ

Registered Office

c/o Wilmington Trust SP Services (London) Limited
Fifth Floor
6 Broad Street Place
London EC2M 7JH

Directors' report

The directors present their report and the unaudited financial statements for the year ended 30 November 2008. The directors' report has been prepared taking into consideration the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activities

The principal activity of the Company is the provision of residential mortgages.

Results and business review

The results for the year are shown in the profit and loss account on page 3. Both the level of business during the year and the financial position of the Company at the end of the year were satisfactory.

Directors

The directors who held office during the year were as follows:

M H Filer

R G Baker (resigned 28 February 2008)

Wilmington Trust SP Services (London) Limited

J Schroeder (appointed 28 February 2008)

Clifford Chance Secretaries (CCA) Limited resigned as secretary to the Company on 27 January 2009. Wilmington Trust SP Services (London) Limited were appointed as secretary to the Company on 25 January 2009.

Approved by the board of directors and signed on behalf of the board.



Wilmington Trust SP Services (London) Limited

Director

Date: 30 September 2009

Profit and loss account

for the year ended 30 November 2008

	Notes	2008 £	2007 £
Interest receivable and similar income	2	81,027	148,320
Interest payable and similar charges	3	(200)	—
Net interest receivable		<u>80,827</u>	<u>148,320</u>
Other operating income	4	50,630	4,410,727
Total operating income		<u>131,457</u>	<u>4,559,047</u>
Operating expenses		(131,457)	(4,559,047)
Operating profit		<u>—</u>	<u>—</u>
Profit on ordinary activities before taxation		<u>—</u>	<u>—</u>
Tax on profit on ordinary activities	5	—	—
Profit on ordinary activities after taxation		<u>—</u>	<u>—</u>
Retained profit for the year	9	<u>—</u>	<u>—</u>

The profit for the year was derived from continuing operations.

There were no recognised gains or losses other than the profit for the year, accordingly no statement of recognised gains and losses is given.

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

Balance sheet

at 30 November 2008

	Notes	2008 £	2007 £
Current assets			
Debtors: amounts falling due within one year	6	693,454	1,512,423
Cash at bank and in hand		69,436	3,451,688
		<u>762,890</u>	<u>4,964,111</u>
Creditors: amounts falling due within one year	7	(750,515)	(4,951,736)
Net assets		<u>12,375</u>	<u>12,375</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	12,373	12,373
Shareholder's funds	10	<u>12,375</u>	<u>12,375</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

These financial statements have not been audited because the company is entitled to the exemption provided by s249A(1) Companies Act 1985 and its members have not required the company to obtain an audit of these financial statements in accordance with s249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with s221 Companies Act 1985. The directors also acknowledge their responsibilities for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with s226 Companies Act 1985, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

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

These financial statements were approved by the board of directors and were signed on its behalf by:


Wilmington Trust SP Services (London) Limited

Director:

Date: 30 September 2009

Notes to the financial statements

at 30 November 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and have been drawn up under the historical cost convention. The financial statements have been prepared on a going concern basis.

Deferred consideration

Deferred consideration represents further amounts payable on the acquisition of mortgages from Preferred Mortgages Limited. The payment of these amounts is conditional on the performance of the acquired mortgages. Provision is made for deferred consideration within the financial statements as amounts become payable as a result of the performance of the acquired mortgages.

Cash flow statement

Under Financial Reporting Standard No.1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Expenses

Expenses are accounted for on an accruals basis.

Mortgage loans

Mortgage loans are stated at cost less provision made to reduce the value of the loans to their estimated recoverable amount. Provisions are made against mortgages when, in the opinion of the directors, credit risk or economic risk make recovery doubtful.

Provisions

Specific provisions for losses on loans and advances to customers in arrears are made throughout the year and at the period-end on a case-by-case basis (calculated with reference to the probability of the loan defaulting and the value of the security held against the loan). The specific provision for properties in possession is based on the balance outstanding less a discounted valuation of the security held (with adjustments for expenses of sale).

Interest

Receipts and payments of interest are accounted for on an accruals basis.

Redemption fee income

Redemption fees are receivable on mortgage loans when partially or fully repaid. The level of the fee is dependent on the specific product. The income is credited to the profit and loss account as received.

Sundry fee income

Borrowers may be charged fees as a result of specific information requests and where mortgage accounts fall into delinquency. This income is credited to the profit and loss account on an accruals basis.

Turnover

The Company's turnover and trade are wholly within the UK and within a single market sector. Consequently, no segmental analysis has been prepared.

Notes to the financial statements

at 30 November 2008

2. Interest receivable and similar income

	2008	2007
	£	£
On mortgage loans	—	2,912
On cash balances	81,027	145,408
	<u>81,027</u>	<u>148,320</u>

3. Interest payable and similar charges

	2008	2007
	£	£
Other charges	200	—
	<u>200</u>	<u>—</u>

4. Other operating income

	2008	2007
	£	£
Sundry fee income	50,630	13,850
Write off of intercompany account	—	4,396,877
	<u>50,630</u>	<u>4,410,727</u>

Sundry fee income includes redemption fee income, insurance commission income and sundry fee income.

5. Taxation

Analysis of tax charge in the year:

	2008	2007
	£	£
Current tax:		
UK corporation tax on profits of the year	—	—
	<u>—</u>	<u>—</u>

There were no factors affecting the tax charge for the year and the profit on ordinary activities before tax multiplied by the standard rate of corporation tax applicable to small companies is the same as the tax charge for the year.

6. Debtors: amounts falling due within one year

	2008	2007
	£	£
Other debtors	693,454	1,512,423
	<u>693,454</u>	<u>1,512,423</u>

Notes to the financial statements

at 30 November 2008

7. Creditors: amounts falling due within one year

	2008	2007
	£	£
Accruals	17,309	18,239
Other creditors	799	721,336
Deferred consideration	732,407	4,212,161
	<u>750,515</u>	<u>4,951,736</u>

8. Called up share capital

	2008	2007
	£	£
Authorised		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

9. Profit and loss account

	2008	2007
	£	£
Retained profit for the year	-	-
Profit and loss account brought forward	12,373	12,373
	<u>12,373</u>	<u>12,373</u>
Profit and loss account carried forward	<u>12,373</u>	<u>12,373</u>

10. Reconciliation of shareholder's funds

	2008	2007
	£	£
Retained profit for the year	-	-
Opening shareholder's funds	12,375	12,375
	<u>12,375</u>	<u>12,375</u>
Closing shareholder's funds	<u>12,375</u>	<u>12,375</u>

11. Parent company and ultimate controlling party

Wilmington Trust SP Services (London) Limited, a company registered in England and Wales, holds all of the issued shares in the Company under a declaration of trust for charitable purposes. Its financial statements are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Under the terms of the discretionary trust, there is no ultimate controlling party.

Preferred Funding One Limited is a quasi-subsiidiary of Preferred Holdings Limited, a company registered in England and Wales. Its financial statements are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.