

DCD Finance (UK) Limited

Report and Financial Statements

For the year ended

31 December 2011

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DCD Finance (UK) Limited

Annual report and financial statements for the year ended 31 December 2011

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Directors

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Directors

R J Huggins
D A Gennings
F A Randeree
D Stuckey

Secretary and registered office

C E Shelley
142-146 Old Street
London
EC1V 9BW

Company number

03928481

Auditors

Euro Andertons LLP
Chartered Certified Accountants &
Registered Auditors
93 – 95 Borough High Street
London
SE1 1NL

DCD Finance (UK) Limited

Report of the directors for the year ended 31 December 2011

Company Number 03928481

The directors present their report together with the financial statements for the year ended 31 December 2011

Principal activities and review of the business

The principal activities of the group are those of providing the services of confirming agents, trade finance, factoring and invoice discounting facilities to small and medium sized enterprises.

The volume of business financed during the year was £ Nil (2010- £ Nil) and turnover for the year was £ Nil (2010 - £ Nil)

The companies subsidiaries ceased trading in 2008 and are now actively pursuing their debtors for recovery of trade debt

Results and dividends

The consolidated profit and loss account is set out on page 5 and shows the loss for the year

No dividend is paid during the year (2010 - £ Nil)

Directors

The directors of the company during the year were

R J Huggins
D A Gennings
F A Randeree
D Stuckey

The directors in office during the year did not have any beneficial interests, including family interests, in the share capital of the company. However, F A Randeree is also a director of the parent company, DCD London & Mutual Plc, and his interests including family interests, in the share capital of that company are shown in its financial statements

DCD FINANCE (UK) LTD

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgements and estimates that are reasonable and prudent,
- 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 the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

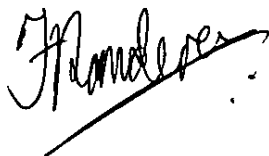
To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

Auditors

A resolution to reappoint Euro Andertons LLP as auditors of the company will be proposed at the forthcoming annual general meeting.

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Signed on behalf of the board



Approved by the Board on 13/9/2012

DCD FINANCE (UK) LTD

Independent auditors' report to the members of DCD Finance (UK) Ltd

We have audited the financial statements of DCD Finance (UK) Limited for the year ended 31 December 2011 which are set out on pages 5 to 13. 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 Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 Practice's 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.

Opinion on financial statements

In our opinion the financial statements

- the group financial statements give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its losses for the year then ended,
- the parent company financial statements give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its losses 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.

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.

DCD FINANCE (UK) LTD

Independent auditors' report to the members of DCD Finance (UK) Ltd

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 prepare the financial statements and the directors' report in accordance with the small companies regime

Emphasis of matter

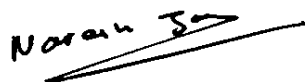
Possible outcome of lawsuits

In forming our opinion on the group financial statements, which are not qualified, we have considered the adequacy of disclosures made in note 1 to the trade finance and the factoring companies' financial statements concerning the possible outcome of legal action against major clients and against the companies' previous auditors – the ultimate outcome of which cannot presently be determined

Subsidiaries that ceased trading

The trade finance and the factoring companies of the group ceased trading in 2008 and are actively pursuing their debtors for recovery of trade debt

The provisions for bad debts in these companies accounts are based on directors' representations in the absence of third party confirmation and no provisions for recoveries of any monies and/or award of damages are made in the financial statements



N Jani FCCA
(Senior Statutory Auditor)
Euro Andertons LLP
Registered Auditors and
Chartered Certified Accountants

Date 13/9/2012

DCD Finance (UK) Limited**Consolidated profit and loss account for the year ended 31 December 2011**

	Note	2011 £	2010 £
Value of business financed	2	-	-
Turnover	2	-	-
Operating expenses		(1,273,293)	(1,873,312)
Operating loss	5	(1,273,293)	(1,873,312)
Exceptional income	5a	-	522,465
Other interest receivable and similar income		14	-
Interest payable and similar charges	6	(39,879)	(25,450)
Loss on ordinary activities before taxation		(1,313,158)	(1,376,297)
Taxation	7	-	-
Loss on ordinary activities after taxation		(1,313,158)	(1,376,297)

There are no gains or losses for the year other than those recognised in the profit and loss account

The company's subsidiaries ceased trading in 2008. Their turnover and operating results after other income are

	Turnover	Operating profit / (loss)
DCD Factors PLC	£ Nil - (2010 – £ Nil)	£ (266,215) - (2010 – loss £ 703,848)
DCD Trade Services Limited	£ Nil - (2010 – £ Nil)	£ (1,005,694) - (2010 – loss £ 1,167,580)

The notes on pages 8 to 13 form part of these financial statements

DCD Finance (UK) Limited

Consolidated balance sheet at 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Current assets					
Debtors	9	4,306,139		5,282,664	
Cash at bank and in hand		51,223		48,493	
		<u>4,357,362</u>		<u>5,331,157</u>	
Creditors: amounts falling due within one year	10	<u>(13,952,508)</u>		<u>(13,613,145)</u>	
Net current assets			<u>(9,595,146)</u>		<u>(8,281,988)</u>
Total assets less current liabilities			<u>(9,595,146)</u>		<u>(8,281,988)</u>
Capital and reserves					
Called up share capital	11		2,007,209		2,007,209
Profit and loss account	12		(11,602,355)		(10,289,197)
Shareholders' funds - equity	13		<u>(9,595,146)</u>		<u>(8,281,988)</u>

The financial statements were approved by the Board of Directors and authorised for issue on **13 / 9 / 2012**


F A Randeree
Director

The notes on pages 8 to 13 form part of these financial statements

DCD Finance (UK) Limited

Company balance sheet at 31 December 2011

	Note	2011 £	2010 £
Current assets			
Debtors	9	122,341	98,593
Cash at bank and cash in hand		1,197	9,715
		<hr/>	<hr/>
Net assets		123,538	108,308
Creditors: amounts falling due within one year	10	(728,671)	(711,845)
		<hr/>	<hr/>
Total assets less current liabilities		(605,133)	(603,537)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	2,007,209	2,007,209
Profit and loss account	12	(2,612,342)	(2,610,746)
		<hr/>	<hr/>
Shareholders' funds - equity	13	(605,133)	(603,537)
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 13/9/2012



F A Randeree
Director

The notes on pages 8 to 13 form part of these financial statements

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of DCD Finance (UK) Limited and all of its subsidiaries as at 31 December 2011 using the acquisition method of accounting whereby the results of the subsidiaries are included from the date of acquisition.

Turnover

Turnover represents commissions, interest earned, discount charges, factoring fees on value of business financed together with recoveries of certain direct charges and miscellaneous income, at invoiced amounts less value added tax.

The financial statements have been prepared on the going concern basis notwithstanding the material uncertainty of the possible outcome of legal action against its subsidiary companies' clients owing £ 19,052,030 including a major client owing £ 14,875,623 at the year end. Provisions for bad debts amounted to £ 15,169,791.

Depreciation

Depreciation is provided on fixed assets at the following annual rates which are estimated to write off their cost over their expected useful lives:

Fixtures, fittings and equipment	-	10% on cost
Computer equipment	-	33⅓% on cost

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities and assets are not discounted.

Foreign currency

All transactions in foreign currencies are converted at the rates prevailing on the date of the transactions. Current assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the date of the balance sheet.

Contribution to pension funds

The company operates a defined contribution pension scheme via the ultimate holding company. The assets of the scheme are held separately from those of the company in independently administered funds. Pension payments are charged against the profits in the year to which they relate.

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies (Continued)

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by DCD London & Mutual Plc and the company is included in consolidated financial statements

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the term of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

Turnover represents commissions, interest earned, discount charges and factoring fees on the value of business financed together with recoveries of certain direct charges and miscellaneous income.

In the directors' opinion the disclosure of an analysis of results by class of business or geographical region would be prejudicial to the interests of the company. This information has therefore not been disclosed.

3 Employees

	2011 £	2010 £
Staff costs consist of		
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
Medical insurance	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
The average monthly number of employees, including directors, for the year were as follows		
	Number	Number
Management	-	-
Administration	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

4 Directors

	2011	2010
	£	£
Directors' emoluments consist of		
Fees and remuneration for management services	-	-
Payments to defined contribution pension scheme	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

5 Operating (loss) / profit

	2011	2010
	£	£
This has been arrived at after charging:		
Auditors' remuneration	5,000	5,000
Operating leases - Hire of plant and machinery	-	495
Exchange (gains)/losses	4,091	43,339
	<u>9,091</u>	<u>48,834</u>

5a Exceptional income

	2011	2010
	£	£
Write off of company loans waived	-	522,465
	<u>-</u>	<u>522,465</u>

6 Interest payable and similar charges

	2011	2010
	£	£
Bank charges	137	8,198
Bank interest	39,742	17,252
	<u>39,879</u>	<u>25,450</u>

7 Taxation on profit from ordinary activities

	2011	2010
	£	£
<i>Corporation tax</i>		
UK Corporation tax of 28 / 26 % (2010 – 28%)	-	-
Overprovision in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Total current tax on ordinary activities	<u>-</u>	<u>-</u>

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

Deferred taxation

The company's accounting policy in respect of deferred tax is set out in note 1 above. No provision has been made for deferred taxation as the directors do not expect timing differences to reverse in the foreseeable future.

8 Investments

Company
£

Investments in subsidiary undertakings

At 1 January 2011

-

At 31 December 2011

-

The subsidiaries of the company at the balance sheet date were

Name	Activities	Holding of ordinary shares %	Nominal value £
DCD Factors Plc	Financing of receivables	100	1,900,000
DCD Trade Services Limited	Confirming and financing international trade	100	500,000

All of the above subsidiary undertakings are UK companies, and are included in the consolidated financial statements, and are subsidiary undertakings through majority shareholdings.

9 Debtors

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Factor debtors	804,765	1,076,694	-	-
Discounted bills	3,077,473	4,077,473	-	-
Amounts due from related undertakings	337,180	26,922	-	-
Other debtors and prepayments	86,721	101,575	122,341	98,593
	<u>4,306,139</u>	<u>5,282,664</u>	<u>122,341</u>	<u>98,593</u>
Gross factored debts	5,870,594	6,142,523	-	-
Due to clients on collection	(5,065,829)	(5,065,829)	-	-
Factor debtors	<u>804,765</u>	<u>1,076,694</u>	<u>-</u>	<u>-</u>

All amounts fall due for repayment within one year

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

10 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Discounted bills	-	2,333	-	-
Trade creditors	307,269	423,596	3,844	2,644
Amount due to group undertaking	8,910,127	8,913,345	722,577	707,451
Amount due to related undertakings	2,561,222	1,485,263	-	-
Bank loan and overdraft	982,794	1,191,096	-	-
Other creditors and accruals	855,580	714,305	2,250	1,750
Other loans	335,516	883,207	-	-
	<u>13,952,508</u>	<u>13,613,145</u>	<u>728,671</u>	<u>711,845</u>

Bank security

As security against facilities provided, the banks hold a first charge on the property at 142-146 Old Street, London, EC1V 9BW owned by the parent company. There is also an open cross-company guarantee given by the parent company to group company bankers.

Other loans are unsecured, interest free and have no fixed repayment terms.

11 Share capital

	Authorised			
	2011	2010	2011	2010
	Number	Number	£	£
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	Allotted, called up and fully paid			
	2011	2010	2011	2010
	Number	Number	£	£
Ordinary shares of £1 each	2,007,209	2,007,209	2,007,209	2,007,209
	<u>2,007,209</u>	<u>2,007,209</u>	<u>2,007,209</u>	<u>2,007,209</u>

12 Profit and loss account

	Group	Company
	£	£
At 1 January 2011	(10,289,197)	(2,610,746)
Loss for the year	(1,313,158)	(1,596)
	<u>(11,602,355)</u>	<u>(2,612,342)</u>
At 31 December 2011	(11,602,355)	(2,612,342)

DCD Finance (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

13 Reconciliation of movement in shareholders' funds

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loss for the year	(1,313,158)	(1,376,297)	(1,596)	(1,977)
At 1 January 2011	(8,281,988)	(6,905,691)	(603,537)	(601,560)
At 31 December 2011	(9,595,146)	(8,281,988)	(605,133)	(603,537)

14 Related party disclosures

During the year one of the company's subsidiaries, DCD Factors Plc paid consultancy fees of £ 6,100 to Invoice Finance Consultancy Limited. Mr D E Stuckey is a common director of both companies.

As 90% or more of the company's voting rights are controlled within the DCD London & Mutual Plc group, the company has taken advantage of the exemption not to disclose transactions with undertakings which are part of the group.

15 Ultimate parent company and controlling party

At 31 December 2011 the company's ultimate parent company and controlling party Dominion Group Limited, a company incorporated in Dubai, UAE, which is parent of both the smallest and the largest group of which the company is a member.

DCD London & Mutual Plc is the parent of the largest group in which the company is consolidated. Copies of the group financial statements of DCD London & Mutual Plc are available from Companies House.