

Paymentshield Life Underwriting Services Limited

Registered No 4179465

Report and Financial Statements

Year ended 30 April 2007

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COMPANIES HOUSE

Paymentshield Life Underwriting Services Limited

Registered No 4179465

Directors

Mr P W J Evans (resigned 8 November 2006)
Mr G D Boulger (resigned 8 November 2006)
Mr S M Pender
Mr R Dixon
Mr L Cottrell (resigned 8 November 2006)
Mr G Johnston
Mr K MacIver (appointed 8 November 2006)
Mr I W J Patrick (appointed 8 November 2006)
Mr V Powell (appointed 8 November 2006)
Mr C Traynor (appointed 8 November 2006)

Secretary

Mr G Johnston

Auditors

KPMG Audit Plc
Registered Auditors
St James' Square
Manchester
M2 6DS

Registered Office

Paymentshield House
Southport Business Park
Wight Moss Way
Southport
PR8 4HQ

Directors' report

The directors present their report with the financial statements of the company for the year ended 30 April 2007

Principal activity

The principal activity of the company in the year under review was that of the marketing of life insurance products

Review of business

The results for the period and financial position of the company are as shown in the annexed financial statements

On 8 November 2006 the entire share capital of the ultimate parent company of Paymentshield Life Underwriting Services Limited was purchased by De Facto 1413 Limited

During the period the company's trading income increased by 254%. This increase was as a direct result of the increased promotion of the business during the year. The business will be re-focussing on the Protection and Mortgage clubs over the next financial year and it is expected that the outlook for the business will be positive.

Dividends

A dividend of £1 million was paid during the year.

Directors

The directors during the year under review were

Mr P W J Evans (resigned 8 November 2006)
Mr G D Boulger (resigned 8 November 2006)
Mr S M Pender
Mr R Dixon
Mr L Cottrell (resigned 8 November 2006)
Mr G Johnston
Mr K MacIver (appointed 8 November 2006)
Mr I W J Patrick (appointed 8 November 2006)
Mr V Powell (appointed 8 November 2006)
Mr C Traynor (appointed 8 November 2006)

The directors holding office at 30 April 2007 did not hold any beneficial interest in the issued share capital of the company at 1 May 2006 or 30 April 2007.

The interest of the directors in the issued share capital of the ultimate holding company, De Facto 1413 Limited, are shown in that company's financial statements.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report

Auditors

A resolution to reappoint KPMG as auditors will be put to the members at the Annual General Meeting

By order of the board



Mr G Johnston
Company Secretary

7 NOVEMBER 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report

to the members of Paymentsshield Life Underwriting Services Limited

KPMG Audit Plc

Independent auditors' report to the members of Paymentsshield Life Underwriting Services Limited

We have audited the financial statements of Paymentsshield Life Underwriting Services Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report

to the members of Paymentsshield Life Underwriting Services Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc

7 November 2007

Chartered Accountants

Registered Auditor

St James' Square

Manchester

M2 6DS

Profit and loss account

for the year ended 30 April 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
Turnover		17,006,193	4,799,043
Cost of sales		(16,313,612)	(4,094,352)
Gross profit		692,581	704,691
Administrative expenses		(588,188)	(644,115)
Operating Profit		104,393	60,576
Interest received		63,161	67,807
Profit on ordinary activities before taxation	2	167,554	128,383
Tax on profit on ordinary activities	3	-	(6,005)
Retained profit for the year		167,554	122,378

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalent

None of the company's activities were acquired or discontinued during the current and previous years

There were no other gains or losses other than those shown above

The notes on pages 9 to 12 form part of the financial statements

Balance Sheet

at 30 April 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	4	1,563,727	2,494,657
Cash at bank		107,985	838,577
		<u>1,671,712</u>	<u>3,333,234</u>
Creditors amounts falling due within one year	5	(1,495,949)	(2,325,025)
		<u>175,763</u>	<u>1,008,209</u>
Net current assets			
		<u>175,763</u>	<u>1,008,209</u>
Total assets less current liabilities		<u>175,763</u>	<u>1,008,209</u>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	175,762	1,008,208
		<u>175,763</u>	<u>1,008,209</u>
Shareholders funds		<u>175,763</u>	<u>1,008,209</u>

The notes on pages 9 to 12 form part of the financial statements

Approved on behalf of the Board



Mr S M Pender
Director

 2007

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting

The Company is exempt by virtue of s228A of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The smallest group and largest group into which Paymentshield Limited has been consolidated is De Facto 1413 Limited.

Turnover

Turnover represents commissions receivable in respect of life insurance policies marketed by the company and mortgage arrangement fee commissions.

Cash flow statement

No cash flow statement has been prepared, as exemption has been taken under Financial Reporting Standard 1 (Revised 1996) 'Cash flow Statements' due to more than 90% of the voting rights being controlled by De Facto 1413 Limited and of which consolidated financial statements are publicly available.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date 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 suitable profits 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.

Clawback provision

Provision has been made for clawback of indemnity commissions in line with historical experience and for any bad debt associated with clawback of indemnity commissions due from agents.

2. Operating profit

The operating profit is stated after charging

	2007 £	2006 £
Auditors remuneration	5,785	5,785

Notes to the financial statements

3. Taxation

(a) Analysis of the tax charge

The tax charge on the profit on ordinary activities is made up as follows

	2007 £	2006 £
Current tax		
UK Corporation tax	-	-
Adjustments in respect of previous periods	-	1,230
		1,230
Deferred tax		
Origination and reversal of timing difference	-	4,775
Tax on profit on ordinary activities	-	6,005

UK corporation tax charge at 30% (2006 – 30%)

(b) Factors affecting the tax charge

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

	2007 £	2006 £
Profit on ordinary activities before tax	167,554	128,383
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	50,266	38,515
Effects of		
Group relief surrendered not paid for	(50,266)	(33,740)
Short term timing differences	-	(4,775)
Marginal relief	-	-
Prior year adjustments	-	1,230
Current tax charge	-	1,230

(c) Deferred tax

	2007 Provided £	2006 Provided £
Other timing differences	(26,081)	(26,081)
	(26,081)	(26,081)

A deferred tax asset of £26,081 (2006 £26,081) has been recognised on the basis that the company is expecting to generate taxable profits against which recovery can be made

Notes to the financial statements

3. Taxation (continued) (c) Deferred tax (continued) Movement in deferred tax

	£
Balance at 1 May 2006 and 30 April 2007 (note 4)	(26,081)

4. Debtors

	2007 £	2006 £
Trade debtors	1,035,475	2,040,805
Amounts due from parent undertaking	502,171	427,771
Deferred tax	26,081	26,081
	<u>1,563,727</u>	<u>2,494,657</u>

5. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	480,574	300,244
Amounts due to group companies	51,937	
Other creditors	963,438	2,024,781
	<u>1,495,949</u>	<u>2,325,025</u>

6. Called up share capital

Authorised

	2007 £	2006 £
Ordinary shares of £1 each	100,000	100,000

Allotted, called up and issued

	2007 £	2006 £
Ordinary shares of £1 each	1	1

Notes to the financial statements

7. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit & loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 1 May 2006	1	1,008,208	1,008,209
Profit for the year to 30 April 2007	-	167,554	167,554
Dividends	-	(1,000,000)	(1,000,000)
At 30 April 2007	1	175,762	175,763

8. Related party disclosures

The company is a wholly owned subsidiary of Paymentshield Limited

During the year the company paid commission to Paymentshield Limited, its parent company, amounting to £519,436 (2006 £528,518) and at the year end the company was due £1,021,606 (2006 £427,771) from Paymentshield Limited and owed £51,938 to Paymentshield Holdings Limited. Interest is charged on inter company balances at base rate plus 2%.

All transactions are on an arm's length basis.

9. Ultimate controlling party

Paymentshield Life Underwriting Services Limited is a wholly owned subsidiary of Paymentshield Limited.

The smallest group and largest group into which Paymentshield Life Underwriting Services Limited has been consolidated is De Facto 1413 Limited.