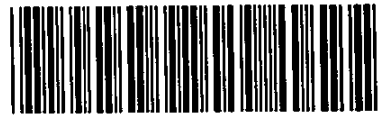


Company Registration Number 04219776

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Chantrey Vellacott DFKLLP

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COMPANIES HOUSE

**Cheval Commercial Finance Limited**

**Financial statements**

**30 June 2011**

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**Cheval Commercial Finance Limited**

**Financial statements**

**Year ended 30 June 2011**

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**Cheval Commercial Finance Limited**

**Officers and professional advisers**

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**The board of directors**

M D Chesler  
A H Kay  
G R B Pitzer  
G R Diamond  
D J Murray  
D M Levine

**Company secretary**

G R Diamond

**Registered office**

Victoria House  
49 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

**Auditor**

Chantrey Vellacott DFK LLP  
Chartered Accountants  
Statutory Auditor  
First Floor  
73-75 High Street  
Stevenage  
Herts  
SG1 3HR

**Cheval Commercial Finance Limited****Directors' report****Year ended 30 June 2011**

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The directors present their report and the audited financial statements of the company for the year ended 30 June 2011

**Principal activities and business review**

The principal activity is granting of short term loans secured by legal charges over land and buildings

The company is authorised with the Financial Services Authority, with regard to regulated mortgage business

**Going concern**

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the going concern basis continues to be adopted in preparing the financial statements

**Results and dividends**

The loss for the year amounted to £2,035. The directors have not recommended a dividend

**Financial risk management objectives and policies**

The company is in the business of managing risk. The key risks are funding and collateral risk. The company is dependent on the continued support of its funding partners, without which there would be no liquidity with which to lend.

In order to ensure stable funding lines, we ensure that our borrowing facilities are on average 2 -3 years. We have multiple funding partners so as to avoid concentration or dependency risk.

The value of our collateral is an inherent risk in our business. We actively manage all loans on our book and take active steps to ensure that the value of the collateral is preserved or enhanced where appropriate. In a volatile property market, active collateral management is key to the success of any asset-backed lender. We recognise this risk and have policies and procedures in place to manage this risk effectively.

**Directors**

The directors who served the company during the year were as follows

C Halpern  
A H Kay  
G R B Pitzer  
D J Murray

G R B Pitzer was appointed as a director on 21 February 2011  
D J Murray was appointed as a director on 31 March 2011

C Halpern retired as a director on 2 February 2011  
M D Chesler was appointed as a director on 4 August 2011  
G R Diamond was appointed as a director on 4 August 2011  
D M Levine was appointed as a director on 4 August 2011

**Policy on the payment of creditors**

The company does not have trade creditors

**Cheval Commercial Finance Limited****Directors' report (continued)****Year ended 30 June 2011**

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**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 those 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Insofar as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Chantrey Vellacott DFK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors



G R Diamond  
Company Secretary

Approved by the directors on 20/12/11

**Cheval Commercial Finance Limited****Independent auditor's report to the shareholder of Cheval Commercial Finance Limited****Year ended 30 June 2011**

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We have audited the financial statements of Cheval Commercial Finance Limited for the year ended 30 June 2011 which comprise the profit and loss account, balance sheet and the related notes. 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 shareholder, 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 shareholder 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 shareholder 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 set out on page 3, 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 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.

**Cheval Commercial Finance Limited**

**Independent auditor's report to the shareholder of Cheval Commercial Finance Limited (continued)**

**Year ended 30 June 2011**

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**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 30 June 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

**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



**MARK STEVENS (Senior Statutory Auditor)**  
for and on behalf of CHANTREY VELLACOTT DFK LLP  
Chartered Accountants and Statutory Auditor  
Stevenage

21 December 2011

**Cheval Commercial Finance Limited**

**Profit and loss account**

**Year ended 30 June 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>Turnover</b>	<b>2</b>	<b>–</b>	<b>24,301</b>
<b>Cost of sales</b>		<b>–</b>	<b>12,150</b>
<b>Gross profit</b>		<b>–</b>	<b>12,151</b>
<b>Administrative expenses</b>		<b>2,035</b>	<b>61,127</b>
<b>Operating loss</b>	<b>3</b>	<b>(2,035)</b>	<b>(48,976)</b>
Attributable to			
Operating loss before exceptional items		<b>(4,054)</b>	<b>(316)</b>
Exceptional items	<b>3</b>	<b>2,019</b>	<b>(48,660)</b>
		<b>(2,035)</b>	<b>(48,976)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(2,035)</b>	<b>(48,976)</b>
<b>Tax on loss on ordinary activities</b>	<b>6</b>	<b>–</b>	<b>–</b>
<b>Loss for the financial year</b>		<b>(2,035)</b>	<b>(48,976)</b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements



**Cheval Commercial Finance Limited**

**Balance sheet**

**As at 30 June 2011**

	Note	2011 £	2010 £
<b>Current assets</b>			
Debtors	7	2,063	921
Creditors' amounts falling due within one year	8	<u>4,646</u>	<u>1,469</u>
<b>Net current liabilities</b>		<u>(2,583)</u>	<u>(548)</u>
<b>Total assets less current liabilities</b>		<u>(2,583)</u>	<u>(548)</u>
<b>Capital and reserves</b>			
Called up equity share capital	10	100	100
Profit and loss account	11	<u>(2,683)</u>	<u>(648)</u>
<b>Deficit</b>	12	<u>(2,583)</u>	<u>(548)</u>

These financial statements were approved by the directors and authorised for issue on *20-12-11*, and are signed on their behalf by

A H Kay



Company Registration Number 04219776

The notes on pages 8 to 12 form part of these financial statements

**Cheval Commercial Finance Limited****Notes to the financial statements****Year ended 30 June 2011**

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**1 Accounting policies****Basis of accounting**

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

**Going concern**

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the going concern basis continues to be adopted in preparing the financial statements

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

**Turnover and cost of sales**

Turnover represents interest received and receivable from loans advanced and other fees associated with loans advanced

Cost of sales represents interest paid and payable on funders' loans together with direct costs

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

**Cheval Commercial Finance Limited****Notes to the financial statements****Year ended 30 June 2011****2 Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	<u>-</u>	<u>24,301</u>

**3 Operating loss**

Operating loss is stated after charging/(crediting)

	2011 £	2010 £
Operating lease costs		
- Other	-	403
Auditor's remuneration	2,081	27
Provisions for amounts due from group undertakings	<u>(2,019)</u>	<u>48,660</u>

Provisions for amounts due from group undertakings relates to amounts owed by Cheval Property Finance Plc, which was placed into administration by its directors on 31 January 2011

	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	<u>2,081</u>	<u>27</u>

**Cheval Commercial Finance Limited****Notes to the financial statements****Year ended 30 June 2011****4 Particulars of employees**

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows

	2011 No	2010 No
Number of management staff	<u>2</u>	<u>3</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	–	2,779
Social security costs	–	64
Other pension costs	–	72
	<u>–</u>	<u>2,915</u>

From 1 July 2010 until 31 January 2011, staff costs relate to amounts that have been reallocated by the then parent company, Cheval Property Finance Plc. From 2 February 2011 all employee contracts are with the parent company. As the staff contracts are not with the company, only directors are included in staff numbers.

**5 Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	<u>–</u>	<u>1,067</u>

**6 Taxation on ordinary activities****Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is at a higher rate than the standard rate of corporation tax in the UK of 26.80% (2010 - 28%)

	2011 £	2010 £
Loss on ordinary activities before taxation	<u>(2,035)</u>	<u>(48,976)</u>
Loss on ordinary activities multiplied by rate of tax	(545)	(13,713)
Expenses not deductible for tax purposes	(541)	–
Unrelieved tax losses	<u>1,086</u>	<u>13,713</u>
Total current tax	<u>–</u>	<u>–</u>

# **Cheval Commercial Finance Limited**

## **Notes to the financial statements**

**Year ended 30 June 2011**

### **7. Debtors**

	2011 £	2010 £
Corporation tax repayable	921	921
Prepayments and accrued income	<u>1,142</u>	<u>—</u>
	<u><b>2,063</b></u>	<u><b>921</b></u>

### **8. Creditors amounts falling due within one year**

	2011 £	2010 £
Amounts owed to group undertakings	2,757	—
Accruals and deferred income	<u>1,889</u>	<u>1,469</u>
	<u><b>4,646</b></u>	<u><b>1,469</b></u>

### **9 Related party transactions**

The company has taken advantage of the exemptions conferred by financial reporting standard No 8, exemption (c) from the requirement to make disclosures concerning related parties

### **10 Share capital**

**Allotted, called up and fully paid**

	2011 No	£	2010 No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### **11 Profit and loss account**

	2011 £	2010 £
Balance brought forward	(648)	48,328
Loss for the financial year	<u>(2,035)</u>	<u>(48,976)</u>
Balance carried forward	<u><b>(2,683)</b></u>	<u><b>(648)</b></u>

**Cheval Commercial Finance Limited****Notes to the financial statements****Year ended 30 June 2011****12 Reconciliation of movements in shareholder's funds**

	2011 £	2010 £
Loss for the financial year	(2,035)	(48,976)
Opening shareholder's (deficit)/funds	<u>(548)</u>	<u>48,428</u>
Closing shareholder's deficit	<u>(2,583)</u>	<u>(548)</u>

**13 Ultimate parent company**

Throughout the first seven months of the year the parent company was Cheval Property Finance Plc, which is registered in the United Kingdom. On 31 January 2011 the parent company was placed into administration by its directors, and subsequently on 2 February 2011, all the shares in Cheval Commercial Finance Limited were sold to Cheval Holdings Limited, a company which is registered in the United Kingdom.

The ultimate parent company to 2 February 2011, was Ambition Capital Limited, which is incorporated in Guernsey.

The controlling party to 31 January 2011 was Volkomen Financiering BV which held the right to appoint the majority of the board of directors of Cheval Property Finance Plc and therefore controlled the day to day running of the company. There was no ultimate controlling party from 2 February 2011.

Up until 31 January 2011 the directors' felt it was appropriate for the parent company to reallocate expenses to its subsidiary undertakings, as all administrative expenses were processed through Cheval Property Finance Plc. The method of calculation was based on the amounts due from borrowers, and was pro-rated accordingly. These expenses are included within administrative expenses. At no point in the current year did the company have any amounts due from borrowers and as such there has been no amounts reallocated from Cheval Property Finance Plc this year.