

Chantrey Vellacott DFK LLP

Cheval Commercial Finance Limited

Financial statements

30 June 2010



Cheval Commercial Finance Limited

Financial statements

Year ended 30 June 2010

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Cheval Commercial Finance Limited

Officers and professional advisers

The board of directors

C Halpern
A H Kay

Company secretary

G R Diamond

Registered office

Mendien House
Clarendon Road
Watford
Hertfordshire
WD17 1DS

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 2010

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 30 June 2010

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

The company does not currently have a funding line available to it and is therefore not undertaking any new lending. The company is actively seeking new funding and it is the intention of the company to resume lending once suitable new funding is obtained

On 2 February 2011 the entire share capital of the company was sold to Cheval Holdings Limited. The loan due from the previous parent company, Cheval Property Finance plc, has been provided for in full as the company is unlikely to receive any funds towards settlement of the loan

As the company has the full support of its parent company, the directors believe that the company has adequate resources and is well placed to manage its business risks successfully. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements

Results and dividends

The results for the year ended 30 June 2010 are shown in the profit and loss account on page 6. No dividends have been declared

Directors

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

C Halpern
A H Kay
A S Margolis

A S Margolis retired as a director on 28 January 2010
G R B Pitzer was appointed as a director on 21 February 2011
C Halpern retired as a director on 2 February 2011

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

Cheval Commercial Finance Limited

Directors' report *(continued)*

Year ended 30 June 2010

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.

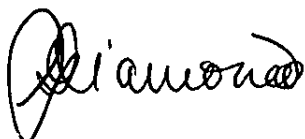
Insofar as the directors are aware

- 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 31 March 2011

Chantrey Vellacott DFK LLP

Cheval Commercial Finance Limited**Independent auditor's report to the shareholder of Cheval Commercial Finance Limited****Year ended 30 June 2010**

We have audited the financial statements of Cheval Commercial Finance Limited for the year ended 30 June 2010 which comprise the profit and loss account, balance sheet, cash flow statement 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 pages 2 to 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 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 (APB'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.

Cheval Commercial Finance Limited

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

Year ended 30 June 2010

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 2010 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 matters 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

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

31 March 2011

Cheval Commercial Finance Limited

Profit and loss account

Year ended 30 June 2010

	Note	2010 £	2009 £
Turnover	2	24,301	–
Cost of sales		12,150	–
Gross profit		12,151	–
Administrative expenses		61,127	3,070
Operating loss	3	(48,976)	(3,070)
Attributable to			
Operating loss before exceptional items		(316)	(3,070)
Exceptional items		48,660	–
Loss on ordinary activities before taxation		(48,976)	(3,070)
Tax on loss on ordinary activities	6	–	(921)
Loss for the financial year		(48,976)	(2,149)

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 9 to 13 form part of these financial statements

Cheval Commercial Finance Limited**Balance sheet****As at 30 June 2010**

	Note	2010 £	2009 £
Current assets			
Debtors	7	921	51,307
Creditors amounts falling due within one year	8	<u>1,469</u>	<u>2,879</u>
Net current (liabilities)/ assets		(548)	48,428
Total assets less current liabilities		<u>(548)</u>	<u>48,428</u>
Capital and reserves			
Called up equity share capital	10	100	100
Profit and loss account	11	<u>(648)</u>	<u>48,328</u>
(Deficit)/ shareholder's funds	12	<u>(548)</u>	<u>48,428</u>

These financial statements were approved by the directors and authorised for issue on 31 March 2011, and are signed on their behalf by

A Kay
Director



Company Registration Number 04219776

The notes on pages 9 to 13 form part of these financial statements

Cheval Commercial Finance Limited

Cash flow statement

Year ended 30 June 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	13(a)	—	114
Increase in cash	13(c)	<u>—</u>	<u>114</u>

The notes on pages 9 to 13 form part of these financial statements

Cheval Commercial Finance Limited

Notes to the financial statements

Year ended 30 June 2010

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 company does not currently have a funding line available to it and is therefore not undertaking any new lending. The company is actively seeking new funding and it is the intention of the company to resume lending once suitable new funding is obtained.

On 2 February 2011 the entire share capital of the company was sold to Cheval Holdings Limited. The loan due from the previous parent company, Cheval Property Finance plc, has been provided for in full as the company is unlikely to receive any funds towards settlement of the loan.

As the company has the full support of its parent company, the directors believe that the company has adequate resources and is well placed to manage its business risks successfully. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

	2010 £	2009 £
United Kingdom	<u>24,301</u>	<u>-</u>

Cheval Commercial Finance Limited

Notes to the financial statements

Year ended 30 June 2010

3. Operating loss

Operating loss is stated after charging

	2010 £	2009 £
Operating lease costs		
- Other	403	-
Auditor's remuneration	27	1,880
Provisions against amounts owed by group undertakings	<u>48,660</u>	<u>-</u>

Details of the provisions against amounts owed by group companies is disclosed in note 7

	2010 £	2009 £
Auditor's remuneration - audit of the financial statements	<u>27</u>	<u>1,880</u>

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

	2010 No	2009 No
Number of management staff	<u>3</u>	<u>5</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	2,779	-
Social security costs	64	-
Other pension costs	72	-
	<u>2,915</u>	<u>-</u>

Staff costs relate to amounts that have been re-charged by the parent company, Cheval Property Finance Plc. Employee contracts are with the parent company, and hence staff numbers only include the directors

5 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010 £	2009 £
Remuneration receivable	<u>1,067</u>	<u>-</u>

Cheval Commercial Finance Limited

Notes to the financial statements

Year ended 30 June 2010

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
Corporation tax	-	-
Over/under provision in prior year	-	(921)
Total current tax	-	(921)

(b) 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 28% (2009 - 28%)

	2010 £	2009 £
Loss on ordinary activities before taxation	(48,976)	(3,070)
Loss on ordinary activities multiplied by rate of tax	(13,713)	(859)
Unrelieved tax losses	13,713	-
Effect of change in rate on losses carried back to prior years	-	(62)
Total current tax (note 6(a))	-	(921)

7 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	-	50,386
Corporation tax repayable	921	921
	921	51,307

Amounts owed by group undertakings are shown net of provisions of £48,660. The provision relates to amounts owed by Cheval Property Finance Plc, which was placed into administration by its directors on 31 January 2011. This has been treated as an exceptional item within administrative expenses as disclosed in note 3 and on the face of the profit and loss account.

8 Creditors: amounts falling due within one year

	2010 £	2009 £
Accruals and deferred income	1,469	2,879

Cheval Commercial Finance Limited

Notes to the financial statements

Year ended 30 June 2010

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

	2010		2009	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11 Profit and loss account

	2010	2009
	£	£
Balance brought forward	48,328	50,477
Loss for the financial year	<u>(48,976)</u>	<u>(2,149)</u>
Balance carried forward	<u>(648)</u>	<u>48,328</u>

12 Reconciliation of movements in shareholder's funds

	2010	2009
	£	£
Loss for the financial year	(48,976)	(2,149)
Opening shareholder's funds	<u>48,428</u>	<u>50,577</u>
Closing shareholder's (deficit)/ funds	<u>(548)</u>	<u>48,428</u>

Cheval Commercial Finance Limited

Notes to the financial statements

Year ended 30 June 2010

13 Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash inflow from operating activities

	2010 £	2009 £
Operating loss	(48,976)	(3,070)
Decrease in debtors	50,386	2,185
(Decrease)/increase in creditors	(1,410)	999
Net cash inflow from operating activities	—	114

(b) Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Increase in cash in the period	—	114
Movement in net funds in the period	—	114
Net funds at 1 July 2009	—	(114)
Net funds at 30 June 2010	—	—

(c) Analysis of changes in net debt

	At 1 Jul 2009 £	Cash flows £	At 30 Jun 2010 £
Net cash	—	—	—
Net debt	—	—	—

14 Ultimate parent company

Throughout 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 the 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 1 February 2011, was Ambition Capital Limited, which is incorporated in Guernsey.

The controlling party during the year under review was Volkomen Financiering BV who 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 is no ultimate controlling party from 2 February 2011.

The directors' believe it is appropriate for the parent company to reallocate expenses to its subsidiary undertakings, as all administrative expenses are processed through Cheval Property Finance Plc. The method of calculation is based on the amounts due from borrowers, and is pro-rated accordingly. These expenses are included within administrative expenses. There were no costs reallocated in the previous year as there were no amounts due from borrowers throughout the whole of the prior year.