

Company Registration Number 04430986

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 Chantrey Vellacott

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Cheval Bridging Finance Limited

Annual report

30 June 2014

Cheval Bridging Finance Limited

Annual report

Year ended 30 June 2014

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Cheval Bridging Finance Limited
Officers and professional advisers

The board of directors

M D Chesler
G R B Pitzer
D J Murray
D M Levine

Registered office

c/o Sylvester Amiel Lewin & Horne, Solicitors
Pearl Assurance House
319 Ballards Lane
London
N12 8LY

Auditor

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

Bankers

Clydesdale Bank PLC
1 Georges Square
Bath Street
Bristol
BS1 6BP

Cheval Bridging Finance Limited

Directors' report

Year ended 30 June 2014

The directors present their report and the audited financial statements of the company for the year ended 30 June 2014.

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 by the Financial Conduct Authority with regard to regulated mortgage business. The company is no longer actively trading and is currently collecting the remaining loan book.

Going concern

The balance sheet of the company showed a positive position of £52,747 as at 30 June 2014 with cash on hand of £48,768.

These accounts have been prepared on a going concern basis and assume that the company continues to receive support from the Flexinet Group shareholders. If this support is withdrawn without an adequate funding line to replace it then there is a high probability that the company will be unable to continue as a going concern. As at the date of signature of these accounts, management is of the belief that the company has the support of its shareholders. However management are mindful that in this uncertain economic environment this support could be withdrawn at any time.

Directors

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

M D Chesler
G R B Pitzer
D J Murray
D M Levine

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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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



Cheval Bridging Finance Limited

Directors' report *(continued)*

Year ended 30 June 2014

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed by order of the directors


G R B Pitzer

Director

Approved by the directors on 27 November 2014

Cheval Bridging Finance Limited

Independent auditor's report to the shareholder of Cheval Bridging Finance Limited

Year ended 30 June 2014

We have audited the financial statements of Cheval Bridging Finance Limited for the year ended 30 June 2014 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 the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 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 the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Cheval Bridging Finance Limited

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

Year ended 30 June 2014

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Chantrey Vellacott

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

18/12/2014



Cheval Bridging Finance Limited

Profit and loss account

Year ended 30 June 2014

	Note	2014 £	2013 £
Turnover		141,350	1,270,654
Cost of sales		83,433	488,502
Gross profit		57,917	782,152
Administrative expenses		40,355	701,412
Operating profit	2	17,562	80,740
Interest receivable		640	1,329
Interest payable and similar charges	4	—	(29)
Profit on ordinary activities before taxation		18,202	82,040
Tax on profit on ordinary activities		15,000	—
Profit for the financial year		3,202	82,040

Cheval Bridging Finance Limited

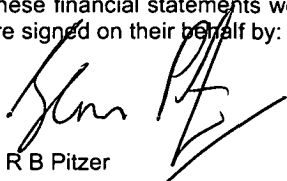
Balance sheet

As at 30 June 2014

	Note	2014 £	2013 £
Current assets			
Debtors	5	377,523	862,600
Cash at bank and in hand		48,768	299,423
		<u>426,291</u>	<u>1,162,023</u>
Creditors: amounts falling due within one year	6	<u>373,544</u>	<u>1,112,478</u>
Net current assets		<u>52,747</u>	<u>49,545</u>
Total assets less current liabilities		<u>52,747</u>	<u>49,545</u>
Capital and reserves			
Called up equity share capital	9	100	100
Profit and loss account	10	52,647	49,445
Shareholder's funds		<u>52,747</u>	<u>49,545</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 27 November 2014, and are signed on their behalf by:


G R B Pitzer

Company Registration Number: 04430986

The revised accounts replace the original accounts;

They are now the statutory accounts;

They have been prepared as at the date of the original accounts, and not as at the date of the revision and accordingly do not deal with events between those dates.

The notes on pages 8 to 11 form part of these financial statements.

Cheval Bridging Finance Limited

Notes to the financial statements

Year ended 30 June 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going concern

The balance sheet of the company showed a positive position of £52,747 as at 30 June 2014 with cash on hand of £48,768.

These accounts have been prepared on a going concern basis and assume that the company continues to receive support from the Flexinet Group shareholders. If this support is withdrawn without an adequate funding line to replace it then there is a high probability that the company will be unable to continue as a going concern. As at the date of signature of these accounts, management is of the belief that the company has the support of its shareholders. However management are mindful that in this uncertain economic environment this support could be withdrawn at any time.

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

2. Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Staff pension costs	-	7,399
Auditor's fees	10,520	9,840



Cheval Bridging Finance Limited

Notes to the financial statements

Year ended 30 June 2014

3. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014 £	2013 £
Aggregate remuneration	<u>–</u>	<u>186,087</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014 No	2013 No
Money purchase schemes	<u>–</u>	<u>1</u>

4. Interest payable and similar charges

	2014 £	2013 £
Bank loan interest paid	<u>–</u>	<u>29</u>
Interest paid to group undertakings amounted to £83,433 (2013 - £376,699).		
On loans from parent company	83,433	376,699
On bank loans wholly repayable within 5 years	–	111,803
Bank overdraft interest	<u>–</u>	<u>29</u>
	83,433	488,531
Included in cost of sales	<u>(83,433)</u>	<u>(488,502)</u>
	<u>–</u>	<u>29</u>

5. Debtors

	2014 £	2013 £
Trade debtors	362,568	796,499
Corporation tax repayable	–	15,000
Other debtors	<u>14,955</u>	<u>51,101</u>
	<u>377,523</u>	<u>862,600</u>

Debtors are shown net of specific bad debt provisions of £249,543 (2013 - £397,288).

Trade debtors are the amounts due from borrowers and are secured by legal charges held over land and buildings, regarding which the group and company had received professional valuations.



Cheval Bridging Finance Limited

Notes to the financial statements

Year ended 30 June 2014

6. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	-	19,946
Amounts owed to group undertakings	303,724	1,049,988
Other creditors	69,820	42,544
	<u>373,544</u>	<u>1,112,478</u>

7. Commitments under operating leases

At 30 June 2014 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2014 £	2013 £
Operating leases which expire:		
Within two to five years	<u>-</u>	<u>31,263</u>

8. Related party transactions

G R B Pitzer and D J Murray, directors of the company are also directors of Currie Easy Self Storage Limited. During the year the company paid £4,978 (2013 - £3,765) for services provided by Currie Easy Self Storage Limited.

G R B Pitzer and D J Murray, directors of the company are also directors of The Greater London Finance Company Limited. During the year the company paid £24,000 (2013 - £15,000) for services provided by The Greater London Finance Company Limited.

The company paid interest in the year to its parent company, Flexinet Limited, totalling £83,433 (2013 - £376,700)

9. Share capital

Allotted, called up and fully paid:

	2014 No	£	2013 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>



Cheval Bridging Finance Limited

Notes to the financial statements

Year ended 30 June 2014

10. Profit and loss account

	2014 £	2013 £
Balance brought forward	49,445	(32,595)
Profit for the financial year	3,202	82,040
Balance carried forward	<u>52,647</u>	<u>49,445</u>

11. Post balance sheet events

The company originally approved the accounts on 17 October 2014 which at that time, the company had agreed in principle the settlement of an outstanding debt, prior to proceeding to court. However this did not include legal costs which were in the region of £50,000. The company had included a provision of £20,000 in the financial statements for the year ended 30 June 2014, however the directors intended to pursue a claim for full recovery of the legal costs. Subsequently full and final settlement has been received, on 3 November 2014, which took account of further legal costs of £30,266 and specific bad debt provision, relating to interest not received, of £9,809. The accounts have therefore been amended accordingly together with the tax charge thereon.

12. Ultimate parent company

The company's ultimate parent company is Flexinet Limited.