

**FUNDING NETWORK LOANS  
LIMITED**

**Abbreviated Report and Financial  
Statements**

**31 December 2007**

WEDNESDAY



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# **FUNDING NETWORK LOANS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

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# **FUNDING NETWORK LOANS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTOR**

P Lewis

### **COMPANY SECRETARY**

T J O'Neill  
P Lewis

### **REGISTERED OFFICE**

City Wharf  
New Bailey Street  
Manchester  
Lancashire  
M3 5ER

### **BANKERS**

National Westminster Bank Plc  
1 Spinningfields Square  
Manchester  
M3 3AP

### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Manchester  
United Kingdom

# **FUNDING NETWORK LOANS LIMITED**

## **DIRECTOR'S REPORT**

The director presents his report and the audited financial statements for the year ended 31 December 2007

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of broker for second charge loans and mortgages

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The audited financial statements for the year ended 31 December 2007 are set out on pages 6 to 13

On 23 March 2007 the entire share capital of the company was acquired by Paymex Limited, a company controlled by Mr TJ O'Neill

In June 2008 certain trade and assets relating to the company's broking business were transferred to another group company, Loans and Finance Limited (trading as EasyCall Finance) The company has retained certain trade and assets relating to the provision of services to other Paymex group companies and therefore remains a going concern

### **DIRECTORS**

The directors who served during the year under review and thereafter were

P Lewis

R J Sheldon

P Nicholson

(Appointed 1 February 2007, resigned 25 April 2007)

(Appointed 19 March 2007, resigned 2 April 2007)

### **FINANCIAL RISK MANAGEMENT POLICIES**

The company's financial instruments other than short term debtors and creditors, comprise cash balances The company does not trade in financial instruments nor does it enter into any derivative transactions

The main risks to the company, and the policies adopted by the director to minimise their effects on the company, are as follows

#### **Interest rate and liquidity risk**

Interest rate and liquidity risk are managed by the group's treasury function through the drawdown of cash available under the parent company's secured loan facility The drawdown of cash is managed to achieve a balance between access to working capital and minimise borrowings to control interest costs The value of the secured loan facility is determined each month by reference to the value of future cash receipts which will be generated from the book of IVAs and DMPs at the end of the preceding month In addition to the secured loan facility an undrawn overdraft facility is available from the group's clearing bank The directors constantly monitor the available loan facility and the working capital requirements of the group

#### **Credit risk**

The director believes that credit risk is limited as the company's trade debtors which are financial institutions and amounts due from debtors are due on short payment terms

#### **Foreign currency risk**

The director believes that there is no foreign currency exposure All bank balances are held in Sterling and no transactions are carried out in foreign currencies

# **FUNDING NETWORK LOANS LIMITED**

## **DIRECTOR'S REPORT (continued)**

### **COMPANY'S POLICY ON PAYMENT OF CREDITORS**

It is the company's policy to comply with the agreed credit terms of its suppliers. At the year end the company had an average days creditors outstanding of 11 days (2006 18 days)

### **POLITICAL AND CHARITABLE DONATIONS**

During the year the company did not make any charitable or political donations (2006 £nil)

### **SOCIAL RESPONSIBILITY**

The company has considered its activities and their impact in all respects. We are committed to ensuring that the company delivers value to our customers in a way that is both socially and environmentally acceptable and sustainable. We similarly have a socially responsible approach to our employment policies with family friendly working being introduced wherever possible.

### **EMPLOYEE INVOLVEMENT**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and in the various factors affecting the performance of the company.

### **DISABLED EMPLOYEES**

The company has continued its policy regarding employment of disabled persons. Applications for employment by disabled persons are always given full and fair consideration, bearing in mind the particular aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training, including re-training, is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **AUDITORS**

A resolution for the reappointment of the auditors will be proposed at the next AGM in accordance with Section 385 of the Companies Act 1985.

The Director at the date of approval of this report confirms that

- So far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 234ZA of the Companies Act 1985.

Approved by the Board of Director and signed on behalf of the Board



P Lewis  
Director

23 OCTOBER 2008

## **FUNDING NETWORK LOANS LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the director is 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. He is also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUNDING NETWORK LOANS LIMITED**

## **Under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts consisting of the abbreviated profit and loss account, the balance sheet and related notes 1 to 15, together with the financial statements of Funding Network Loans Limited for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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 for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for the preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purposes of this report did not include examining or dealing with events after the date of our report on the financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with those provisions.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
United Kingdom

24 OCTOBER 2008

# **FUNDING NETWORK LOANS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2007**

	Note	2007 £	2006 £
<b>GROSS PROFIT</b>		4,294,712	4,145,859
Administrative expenses		(4,514,525)	(3,901,513)
<b>OPERATING (LOSS)/PROFIT</b>		(219,813)	244,346
<b>INTEREST PAYABLE</b>	3	(69,899)	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	(289,712)	244,346
Tax on (loss)/profit on ordinary activities	5	64,335	(77,009)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>	13	(225,377)	167,337

All results are derived from continuing operations

There are no recognised gains and losses for the current or preceding financial year, other than as stated above  
Therefore, no statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of this profit and loss account



# FUNDING NETWORK LOANS LIMITED

## BALANCE SHEET

As at 31 December 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	6	123,705	154,750
<b>CURRENT ASSETS</b>			
Debtors	7	973,668	2,059,464
Cash at bank and in hand		13,417	-
		987,085	2,059,464
<b>CREDITORS: amounts falling due within one year</b>	8	(980,824)	(1,850,504)
<b>NET CURRENT ASSETS</b>		6,261	208,960
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		129,966	363,710
<b>PROVISION FOR LIABILITIES</b>	9	(6,605)	(14,972)
<b>NET ASSETS</b>		123,361	348,738
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	140,000	140,000
Profit and loss account		(16,639)	208,738
<b>EQUITY SHAREHOLDER'S FUNDS</b>	13	123,361	348,738

These abbreviated accounts have been prepared in accordance with the special provisions relating to medium sized companies under Section 246 A of the Companies Act 1985

These financial statements were approved by the Board of Directors on 23 OCTOBER 2008

Signed on behalf of the Board of Directors



P Lewis  
Director

The accompanying notes are an integral part of this balance sheet

# **FUNDING NETWORK LOANS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2007**

### **1. ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the current and preceding year are set out below

#### **Accounting convention**

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

In accordance with FRS 1 Cash Flow Statements (revised 1996), the company has not presented its own cash flow statement as it is a 100% subsidiary of Paymex Limited and its cashflows are included in the consolidated cash flow statement presented in the financial statements of that company

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset (less estimated residual value) on a straight line basis over its expected useful life, as follows

Fixtures and fittings	20% on cost
Computer equipment	20% on cost

#### **Operating Leases**

Rentals paid under operating leases are charged to the profit and loss account as incurred

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and the laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that 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 a suitable taxable profit 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 at the balance sheet date

# FUNDING NETWORK LOANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2007

### 2. STAFF COSTS

	2007 £	2006 £
Wages and salaries	3,012,417	2,498,911
Social security costs	337,605	270,598
	<u>3,350,022</u>	<u>2,796,509</u>

The average monthly number of employees during the year was as follows

	2007 Number	2006 Number
Administrative staff	<u>110</u>	<u>94</u>

One director received remuneration in the year under review as follows

	2007 £	2006 £
Directors emoluments	<u>133,434</u>	<u>118,316</u>

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest on loans from group undertakings	<u>69,899</u>	<u>-</u>

### 4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Depreciation – owned assets	73,686	30,754
Rentals under operating leases	321,041	150,759
Auditors' remuneration – audit services	<u>6,457</u>	<u>5,875</u>

# FUNDING NETWORK LOANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2007

### 5. TAXATION

#### Analysis of the tax (credit)/charge

The tax (credit)/charge on the (loss)/profit on ordinary activities for the year was as follows

	2007 £	2006 £
Current tax		
UK corporation tax on (loss) / profits for the year	(64,808)	65,819
Adjustment in respect of previous years	8,840	882
	<u>(55,968)</u>	<u>66,701</u>
Deferred taxation (note 9)	(8,367)	10,308
	<u>(64,335)</u>	<u>77,009</u>
Tax on (loss)/profit on ordinary activities		

#### Factors affecting the tax (credit)/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 £
(Loss)/profit on ordinary activities before tax	<u>(289,712)</u>	<u>244,346</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% ( 2006 30%)	(86,913)	73,304
Effects of		
Adjustment to tax charge in respect of previous years	8,840	882
Surrender of group relief	4,236	-
Unutilised tax losses carried forward	8,491	-
Capital allowances greater/ (less) than depreciation	9,378	(7,485)
	<u>(55,968)</u>	<u>66,701</u>
Current tax (credit)/charge for the year		

# FUNDING NETWORK LOANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2007

### 6. TANGIBLE FIXED ASSETS

The movement in the year was as follows

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2007	45,555	185,596	231,151
Additions	7,293	35,348	42,641
At 31 December 2007	52,848	220,944	273,792
<b>Depreciation</b>			
At 1 January 2007	16,080	60,321	76,401
Charge for the year	15,509	58,177	73,686
At 31 December 2007	31,589	118,498	150,087
<b>Net book value</b>			
At 31 December 2007	21,259	102,446	123,705
At 31 December 2006	29,475	125,275	154,750

### 7. DEBTORS

	2007 £	2006 £
Trade debtors	109,618	193,694
Prepayments and accrued income	21,542	16,758
Corporation tax recoverable	64,808	-
Other taxes	38,750	-
Amounts due from parent undertaking	738,950	-
Amounts owed from related parties	-	1,781,394
Directors current account	-	67,618
	973,668	2,059,464

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank overdraft	-	263,936
Trade creditors	92,871	175,984
Amounts due to related party	351,285	650,949
Corporation tax	64,808	55,968
Social security & other taxes	151,956	253,844
Accrued expenses	319,904	449,823
	980,824	1,850,504

# FUNDING NETWORK LOANS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2007

### 9. PROVISION FOR LIABILITIES AND CHARGES

	2007 £	2006 £
<b>Deferred tax</b>		
Deferred tax liability		
Accelerated capital allowances	6,605	14,972
	<hr/>	<hr/>
Balance brought forward	14,972	4,664
(Credit)/charge to profit and loss account (note 5)	(8,367)	10,308
	<hr/>	<hr/>
Balance carried forward	6,605	14,972
	<hr/>	<hr/>

There is an unrecognised deferred tax asset in respect of trading losses of £8,491 (2006 £nil). This has not been recognised in the financial statements as it is uncertain as to when it will be recovered. The impact of the proposed decrease in corporation tax rates to 28% will reduce the deferred tax liability by £440.

### 10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid under operating leases

	<b>Land &amp; Buildings operating leases</b>	
	2007 £	2006 £
Expiring		
Within one year	5,876	212,258
	<hr/>	<hr/>

### 11. CONTINGENT LIABILITIES

The company is party to cross guarantee agreements with its parent company and fellow subsidiary undertakings in respect of secured loans made to the parent company. As at 31 December 2007 the balance on the secured loan was £31,309,108.

At 31 December 2006 the company had an overdraft of £263,936 which was secured by floating charge over the assets of the company. The overdraft was fully repaid on acquisition of the company by Paymex Limited.

### 12. CALLED UP SHARE CAPITAL

	2007 £	2006 £
<b>Authorised Number:</b>		
140,000 ordinary 'A' class shares of £1 each	70,000	70,000
140,000 ordinary 'B' class shares of £1 each	70,000	70,000
	<hr/>	<hr/>
	140,000	140,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid:</b>		
140,000 ordinary 'A' class shares of £1 each	70,000	70,000
140,000 ordinary 'B' class shares of £1 each	70,000	70,000
	<hr/>	<hr/>
	140,000	140,000
	<hr/>	<hr/>

The rights of each class of share can be summarised as follows: 'A' shares owned by non-founders and 'B' shareholders are not entitled to vote at general meetings of the Company. The profits which the Company may determine to distribute in respect of any financial period shall be distributed as to 5% of the distribution amongst the holders of 'B' class in proportion to the amounts paid up (excluding premium) by them respectively, and as to 95% of the distribution amongst the holders of the 'A' class shares in proportion to the amounts paid up (excluding premium) by them respectively. In the event of a share sale, listing, liquidation or disposal, the 'B' shareholders are entitled to 30% of any proceeds above an amount specified by the Articles, the 'A' shareholders are due to the balance of net exit proceeds.

## FUNDING NETWORK LOANS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2007

#### 13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £	2006 £
(Loss)/profit for the financial year	(225,377)	167,337
Opening equity shareholders' funds	348,738	181,401
<b>Closing equity shareholders' funds</b>	<b>123,361</b>	<b>348,738</b>

#### 14. RELATED PARTY TRANSACTIONS

The company is a 100% subsidiary of Paymex Limited, a company under the control of T J O'Neill, the Chairman and majority shareholder. The company's results are included in the consolidated group accounts of Paymex Limited. The company has not disclosed those balances arising from transactions with Paymex or its fellow 100% owned subsidiaries.

TJ O'Neill and P Nicholson own interests in other companies which are not subsidiaries of the Paymex Group. During the year ended 31 December 2007 the company made purchases of £392,140 and sales of £40,855 to these companies. As at 31 December amounts of £351,285 were included in creditors in respect of these companies. All transactions were on an arms length basis.

The following loan to a director existed during the year ended 31 December 2007. The loan was interest free and fully repaid during the year.

<b>P Lewis</b>	<b>£</b>
Balance outstanding at start of the year	67,618
Balance outstanding at end of the year	-
Maximum balance outstanding during the year	76,620

#### 15. POST BALANCE SHEET

In June 2008 certain trade and assets relating to the company's broking business were transferred to another group company, Loans & Finance Limited (trading as EasyCall Finance). The company has retained certain trade and assets relating to the provision of services to other Paymex group companies and therefore remains a going concern.