

## Oak Affinity Consultancy Limited

### Report and Financial Statements

30 April 2006

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COMPANIES HOUSE

Registered No: 4772547

**Directors**

Mr P W J Evans

Mr S M Pender

**Secretary**

Mr P W J Evans

**Auditors**

Ernst & Young LLP

Registered Auditors

100 Barbirolli Square

Manchester

M2 3EY

**Registered Office**

Paymentshield House

Slaidburn Crescent

Marshside

Southport

PR9 9YF

## **Directors' Report**

The directors present their report with the financial statements of the company for the period ended 30 April 2006.

### **Principal activity**

The principal activity of the company in the period under review was that of the business insurance consultancy.

### **Business Review**

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

During the period up to March 9 2006 the company experienced a significant increase in turnover. The company was acquired by Paymentsshield Limited on March 9 2006. Following on from this the year end was changed to April 30. The outlook for the company's business continues to look positive.

### **Directors**

The directors during the period under review were:

Mr P W J Evans

Mr S M Pender

Mr D Fulluck (Resigned 10 March 2006)

Mrs L Fulluck (Resigned 10 March 2006)

Details of directors' interests in the shares of Paymentsshield Holdings Limited are disclosed in the accounts of that company.

### **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

Ernst & Young LLP were appointed auditors of the company A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



Mr P W J Evans  
Company Secretary

1 November 2006

## **Statement of directors' responsibilities in respect of the financial statements**

*The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.*

*Company law requires the directors to prepare financial statements for each financial year which 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;*
- *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 the financial statements comply with the Companies Act 1985. 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.*

# **Independent auditor's report**

## **to the members of Oak Affinity Consultancy Limited**

We have audited the company's financial statements for the year ended 30 April 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 10. 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 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 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

*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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

*We also 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.*

### **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 Oak Affinity Consultancy Limited (continued)

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 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.

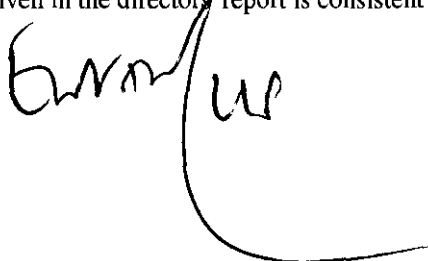
Ernst & Young LLP

Registered auditor

Manchester

Date

3 November 2006



## Profit and Loss Account

For the Period Ended 30 April 2006

		2006	2005
	Notes	£	£
<b>Turnover</b>	2	179,758	89,219
Administrative expenses		13,463	18,583
<b>Operating profit</b>		<hr/> 166,295	<hr/> 70,636
Interest receivable and similar income		1,357	680
<b>Profit on ordinary activities before taxation</b>		<hr/> 167,652	<hr/> 71,316
Tax on profit on ordinary activities	4	(50,352)	(13,559)
<b>Profit for financial year after taxation</b>		<hr/> 117,300	<hr/> 57,757

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

All of the group's activities were acquired during the current period.

## Statement of total gains and losses

for the period to 30 April 2006

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




# Balance Sheet

As at 30 April 2006

	Notes	30 April 2006 £	31 May 2005 £
<b>Fixed assets</b>			
Tangible assets	5	-	1,361
		-	1,361
<b>Current assets</b>			
Cash at bank and in hand		121,783	54,021
			54,021
<b>Creditors:</b> amounts falling due within one year		(51,504)	(19,242)
<b>Net current assets</b>		70,279	34,779
<b>Total assets less current liabilities</b>		70,279	36,140
<b>Provisions for deferred taxation</b>	4	-	161
		70,279	35,979
<b>Capital and reserves</b>			
Called up share capital	7	50	50
Profit and loss account	8	70,229	35,929
Shareholders' funds	8	70,229	35,979

Approved on behalf of the Board

  
 .....  
 Mr S M Pender  
 Director  
 7 November 2006

## Notes to the financial statements

### 1. Accounting policies

#### *Accounting convention*

The financial statements have been prepared under the historical cost convention.

#### *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 Paymentsshield Holdings 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.

### 2. Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

### 3. Operating profit

The operating profit is stated after charging/(crediting)

	2006 £	2005 £
Depreciation – owned assets	188	361
Auditors' remuneration	1,637	1,615
Director's emoluments	6,080	9,204

Information regarding the highest paid director is as follows:

	2006 £	2005 £
Emoluments	6,080	9,204

## Notes to the financial statements

### 4. Taxation

#### (a) Analysis of the tax charge

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

	2006 £	2005 £
Current tax:		
UK Corporation tax	50,513	13,586
Adjustments in respect of previous periods	-	10
	<u>50,513</u>	<u>13,596</u>
Deferred tax:		
Origination and reversal of timing difference	(161)	(37)
	<u>50,352</u>	<u>13,559</u>

UK corporation tax charge at 30% (2005 – 19%)

#### (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:

	2006 £	2005 £
Profit on ordinary activities before tax	167,652	71,316
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 19%)	<u>50,296</u>	<u>13,559</u>
Effects of:		
Expenses not allowable for tax purposes	56	-
Short term timing differences	161	37
Marginal relief	-	-
Prior year adjustments	-	10
Current tax charge	<u>50,513</u>	<u>13,596</u>

#### (b) Deferred Tax

	2006 Provided £	2005 Provided £
Other timing differences	-	(161)
	<u>-</u>	<u>(161)</u>

## Notes to the financial statements

### 5. Tangible fixed assets

	<i>Improvements to property £</i>	<i>Fixtures and Fittings £</i>	<i>Total £</i>
<b>Cost:</b>			
At 1 June 2005	1,377	810	2,187
Disposals	(1,377)	(810)	(2,187)
At 30 April 2006	-	-	-
<b>Depreciation:</b>			
At 1 June 2005	602	224	826
Charge for year	129	59	188
Eliminated on disposals	(731)	(283)	(1,014)
At 30 April 2006	-	-	-
<b>Net book value:</b>			
At 30 April 2006	-	-	-
At 31 May 2005	775	586	1,361

### 6. Creditors: amounts falling due within one year

	<i>2006 £</i>	<i>2005 £</i>
Trade creditors	-	1,372
Other creditors	-	4,284
Corporation Tax	51,504	13,586
	51,504	19,242

### 7. Called up share capital

<i>Authorised:</i>	<i>30 April 2006 £</i>	<i>31 May 2005 £</i>
Ordinary shares of £1 each	50	50
<i>Allotted and issued:</i>		
Ordinary shares of £1 each	50	50

## Notes to the financial statements

### 8. Reconciliation of movements in shareholders' funds and movements on reserves

#### *Group*

	<i>Share capital</i>	<i>Profit &amp; loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 June 2005	50	35,929	35,979
Retained profit for the year	-	117,300	117,300
Dividends	-	(83,000)	(83,000)
At 30 April 2006	50	70,229	70,279

### 9. Related party disclosures

During the year the company received commission from Paymentsshield Ltd amounting to £179,758.

### 10. Ultimate controlling party

The smallest and largest group into which Oak Affinity Consultancy Limited is consolidated is Paymentsshield Holdings Limited, Paymentsshield House, Slaidburn Crescent, Southport, PR9 9YF.