

**MONEY PARTNERS LIMITED**

(formerly Inhoco 4020 Limited)

**Report and Financial Statements**

**Period from 11 December 2003 to 30 November 2004**



**REPORT AND FINANCIAL STATEMENTS 2004**

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**REPORT AND FINANCIAL STATEMENTS 2004**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

A D Johnson	Chairman
C G Sanders	Chief Executive
F F Archer	
P T Brennan	Operations Director
P A George	
D G Jones	
S C Kingdon	Finance Director
J N Maltby	

**SECRETARY**

K G Spielmann

**REGISTERED OFFICE**

Keaton House  
Widewater Place  
Moorhall Road  
Harefield  
Uxbridge  
UB9 6NS

**BANKERS**

Barclays Bank PLC  
54 Lombard Street  
London

**SOLICITORS**

Wragge & Co  
55 Colmore Row  
Birmingham

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the period from 11 December 2003 to 30 November 2004.

### **INCORPORATION, CHANGE OF NAME AND COMMENCEMENT OF TRADING**

The company was incorporated on 11 December 2003 as Inhoco 4020 Limited. The company changed its name to Money Partners Limited on 15 March 2004 and commenced trading on 26 October 2004.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is the origination of mortgage loans secured by first and second charges over residential properties within the United Kingdom.

The directors are pleased with the progress of the business and consider the future prospects of the company to be satisfactory.

### **RESULTS AND DIVIDENDS**

The results for the period are shown in the profit and loss account on page 6. The loss after taxation is £2,028,900 and has been deducted from reserves. No dividend has been proposed.

### **DIRECTORS**

The directors during the period since incorporation were:

	<i>Date appointed</i>
A D Johnson	22 July 2004
C G Sanders	5 August 2004
F Archer	15 April 2004
P T Brennan	5 August 2004
P A George	9 July 2004
D G Jones	26 July 2004
S C Kingdon	1 October 2004
J N Maltby	15 April 2004

Inhoco Formations Limited was appointed a director of the company on 11 December 2003 and resigned on 15 April 2004.

All of the directors are directors of the company's holding company, Money Partners Holdings Limited, and their interests are disclosed in that company's financial statements.

None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the company.

### **CREDITOR PAYMENT POLICY**

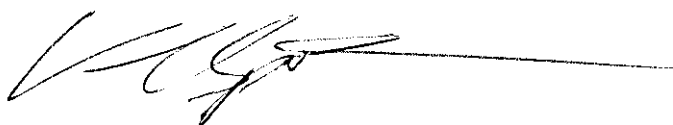
The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure has not been stated as the measure is not appropriate to the business.

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Deloitte & Touche LLP were appointed by the directors as first auditors to the company and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

A handwritten signature in black ink, appearing to be 'K G Spielmann', followed by a long horizontal line extending to the right.

K G Spielmann

Secretary

24 January 2005

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**in relation to Financial Statements**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. As required, in the absence of any circumstances which would make it inappropriate, the financial statements have been prepared on a going concern basis.

The directors are required to ensure that, in preparing the financial statements on pages 6 to 11, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MONEY PARTNERS LIMITED**

We have audited the financial statements of Money Partners Limited for the period from 11 December 2004 to 30 November 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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**

As described in the statement of directors' responsibilities, the company's directors' are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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.

*Going concern*

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts, concerning the directors' considerations in reaching the conclusion that it is appropriate to prepare the accounts on a going concern basis. We consider that these considerations should be drawn to your attention, but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2004 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

25  
24 January 2005

**PROFIT AND LOSS ACCOUNT**  
**Period from 11 December 2003 to 30 November 2004**

	<b>Note</b>	<b>2004 £'000</b>
Fees and commissions receivable		145.5
Fees and commissions payable		<u>(124.1)</u>
<b>Total operating income</b>		<b>21.4</b>
Operating expenses		<u>(2,050.3)</u>
<b>OPERATING LOSS BEING THE LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>(2,028.9)</b>
Tax on loss on ordinary activities	<b>4</b>	<u>0.0</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE RETAINED LOSS FOR THE FINANCIAL PERIOD</b>		<b><u>(2,028.9)</u></b>

All activities derive from continuing operations.

There are no recognised gains or losses other than the loss for the period from 11 December 2003 to 30 November 2004.



**BALANCE SHEET**  
**As at 30 November 2004**

	Note	2004 £'000	2004 £'000
<b>ASSETS EMPLOYED</b>			
<b>CURRENT ASSETS</b>			
Debtors and prepayments	5		35.3
			<u>35.3</u>
<b>FINANCED BY</b>			
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
Called up share capital	6	0.0	
Profit and loss account	7	(2,028.9)	
			<u>(2,028.9)</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	464.2	
Amounts falling due in more than one year	9	1,600.0	
			<u>2,064.2</u>
			<u>35.3</u>

These financial statements were approved by the Board of Directors on 24 January 2005.

Signed on behalf of the Board of Directors

  
C G Sanders  
Chief Executive

  
S C Kingdon  
Finance Director

## **NOTES TO THE ACCOUNTS**

**Period from 11 December 2003 to 30 November 2004**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom Law and accounting standards. All relevant accounting standards effective during the period have been complied with.

The particular accounting policies adopted are summarised below. They have all been applied consistently throughout the period.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention. The directors have considered the net liability position of the company, its forecast future profitability and the availability of the long term loan facility disclosed in Note 9 and have concluded that it is appropriate to prepare the accounts on a going concern basis.

#### **Fees and commissions receivable**

Fees and commissions receivable comprise fees receivable in respect of the origination of new mortgage loans are accrued when the company has completed its contractual obligations, to the extent that they can be reliably estimated.

#### **Fees and commissions payable**

Fees and commissions payable comprise origination costs which are written off as they are incurred.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

**NOTES TO THE ACCOUNTS**  
**Period from 11 December 2003 to 30 November 2004**

**2. OPERATING LOSS BEING THE LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2004 £'000</b>
Operating loss being the loss on ordinary activities before taxation is after charging/(crediting):	
Auditors' remuneration	<u>12.0</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company had no employees during the period.

The directors are all directors of the holding company, Money Partners Holdings Limited, and details of their remuneration is included in that company's financial statements.

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

	<b>2004 £'000</b>
Current tax credit for the period	<u>0.0</u>

**Factors affecting the tax credit for the period**

The tax assessed for the period is higher than that resulting from applying the standard rate of UK corporation tax of 30%. The differences are explained below.

	<b>2004 £'000</b>
Loss on ordinary activities before tax	<u>2,028.9</u>
Expected tax credit at 30%	608.7
Effects of Tax losses carried forward	<u>(608.7)</u>
Current tax charge for the period	<u>0.0</u>

**NOTES TO THE ACCOUNTS**  
**Period from 11 December 2003 to 30 November 2004**

**5. DEBTORS AND PREPAYMENTS**

	<b>2004 £'000</b>
Other debtors	34.7
Prepayments and accrued income	0.6
	<u>35.3</u>

**6. CALLED UP SHARE CAPITAL**

	<b>2004 £'000</b>
Authorised 1,000 ordinary shares of £1 each	<u>1.0</u>
Called up, allotted and fully paid 1 ordinary share of £1 each	<u>0.0</u>

**7. PROFIT AND LOSS ACCOUNT**

	<b>2004 £'000</b>
Loss for the period	<u>(2,028.9)</u>
Balance at 30 November 2004	<u>(2,028.9)</u>

**8. DEFERRED TAX**

The company has a deferred tax asset of £608,700 in respect of tax losses which has not been recognised in the financial statements.

**NOTES TO THE ACCOUNTS**

**Period from 11 December 2003 to 30 November 2004**

**9. CREDITORS**

	<b>2004</b>
	<b>£'000</b>
<b>Amounts falling due within one year</b>	
Group balances	372.0
Bank overdraft	27.4
Other creditors	30.3
Accruals and deferred income	34.5
	<u>464.2</u>
 <b>Amounts falling due in more than one year</b>	
Long-term subordinated loan	<u>1,600.0</u>
	<u>1,600.0</u>

The company has a long-term subordinated loan facility from its holding company, Money Partners Holdings Limited. There is no fixed repayment date. The amount drawn down at 30 November 2004 was £1,600,000. The loan facility is used to provide working capital for the company.

**10. CAPITAL COMMITMENTS**

There were no capital commitments at 30 November 2004.

**11. RELATED PARTY TRANSACTIONS**

**Mortgage originations**

Under the terms of mortgage and loan origination agreements the company originates mortgages and loans for Kensington Mortgage Company Limited ("KMC"), a subsidiary of Kensington Group plc, in return for a fee. The fee is payable in part on completion of the mortgage or loan and in part over the following four years, subject to the performance of those mortgages and loans.

During the financial period, the company originated £3,737,762 of mortgages and loans for KMC and accrued fees of £128,257 for this service.