

Registered number 5041905

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**FORTRESS GROUP (UK) LIMITED**

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**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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## **FORTRESS GROUP (UK) LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

Mr S P Carter (resigned 29 December 2010)  
Mr K J Moulden  
Mr J D Wetton (resigned 29 December 2010)  
Mr S J Hatch (resigned 29 December 2010)  
Mr K Rees (appointed 29 December 2010)  
Mr C Lutes (appointed 29 December 2010)

**COMPANY SECRETARY**

Mrs C Moulden (resigned 29 December 2010)  
M&R Secretarial Services Limited (appointed 17 February 2011)

**COMPANY NUMBER**

5041905

**REGISTERED OFFICE**

Fortress House  
Skyliner Way  
Bury St Edmunds  
Suffolk  
IP32 7YA

**AUDITORS**

Grant Thornton UK LLP  
101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

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**FORTRESS GROUP (UK) LIMITED**

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## **FORTRESS GROUP (UK) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and the financial statements for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year was that of making short term loans to customers who are charged a fee for the costs of borrowing. The company also receives commission generated from clients who have been compensated for the mis-selling of financial products.

#### **REVIEW OF BUSINESS**

The company made a profit after tax of £222,884 (2009 £455,227). The reduction in profits, despite a 36% increase in turnover was due to the increased expenses associated with growing the short-term-loan part of the business. The Directors believe that this part of the business will provide significant growth and profits in the future and so continue to invest in its development.

On 29<sup>th</sup> December 2010, 100% of the shares of the business were sold to Think Finance Inc.

#### **DIVIDENDS**

Dividends of £158,000 have been declared and paid in the financial year ending 31 December 2010.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 prepared the company's 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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, 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.

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**FORTRESS GROUP (UK) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

**DIRECTORS**

The directors who served during the year were

Mr S P Carter (resigned 29 December 2010)  
Mr K J Moulden  
Mr J D Wetton (resigned 29 December 2010)  
Mr S J Hatch (resigned 29 December 2010)  
Mr K Rees (appointed 29 December 2010)  
Mr C Lutes (appointed 29 December 2010)

**INDEPENDENT AUDITORS**

The auditors Grant Thornton UK LLP have been appointed during the year and have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting

**SMALL COMPANIES PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

This report was approved by the board on 30 September 2011 and signed on its behalf



**Mr K Moulden**  
Director

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## **FORTRESS GROUP (UK) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTRESS GROUP (UK) LIMITED**

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We have audited the financial statements of Fortress Group (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the 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 members, 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 members 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 members 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 1 and 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Basis for qualified opinion on financial statements**

With respect to the reported turnover figure of £4,020,630 and the bad debt charge within administrative expenses of £1,533,987, the audit evidence available to us was limited as the reported figures had in part been netted off each other. Owing to the nature of the company's accounting records, we were unable to obtain sufficient appropriate audit evidence by using other audit procedures regarding the level of netting off. We have therefore been unable to obtain sufficient appropriate audit evidence concerning the reported turnover figure or the reported administrative expenses.

#### **Qualified opinion on financial statements**

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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 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**

In respect solely of the limitation on our work relating to turnover and the bad debt charge, described above

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**FORTRESS GROUP (UK) LIMITED**

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- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

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

- 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

*Grant Thornton UK LLP*

Alison Seekings  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Cambridge  
30 September 2011

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**FORTRESS GROUP (UK) LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
<b>TURNOVER</b>		<b>4,020,630</b>	2,961,315
Cost of sales		<u>(606,146)</u>	<u>(333,834)</u>
<b>GROSS PROFIT</b>		<b>3,414,484</b>	2,627,481
Administrative expenses		<u>(3,152,808)</u>	<u>(2,013,479)</u>
<b>OPERATING PROFIT</b>	2	<b>261,676</b>	614,002
Interest payable		(771)	
Interest receivable		<u>47</u>	<u>237</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>260,952</b>	614,239
Tax on profit on ordinary activities	4	<u>(38,068)</u>	<u>(159,012)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10	<u><b>222,884</b></u>	<u>455,227</u>

The notes on pages 7 to 11 form part of these financial statements



**FORTRESS GROUP (UK) LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	5		55,314		77,560
<b>CURRENT ASSETS</b>					
Debtors	6	847,857		879,344	
Cash at bank		<u>441,807</u>		<u>234,315</u>	
		1,289,664		1,113,659	
<b>CREDITORS</b> amounts falling due within one year	7	<u>(526,662)</u>		<u>(534,334)</u>	
<b>NET CURRENT ASSETS</b>			<u>763,002</u>		<u>579,325</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			818,316		656,885
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	8		<u>(11,747)</u>		<u>(15,200)</u>
<b>NET ASSETS</b>			<u>806,569</u>		<u>641,685</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		1,000		1,000
Capital Reserve	10		100,000		0
Profit and loss account	10		<u>705,569</u>		<u>640,685</u>
<b>SHAREHOLDERS' FUNDS</b>	11		<u>806,569</u>		<u>641,685</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2011



Mr K J Moulden  
Director

The notes on pages 7 to 11 form part of these financial statements

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## FORTRESS GROUP (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 1 ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis which assumes that the company will continue as a going concern for the foreseeable future

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover on short-term loans is recognised on receipt of repayment. In the case of part repayment, interest & fees are deemed to have been paid first and capital repaid last.

Turnover is 100% generated in the UK

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20%	straight line
Office equipment	-	33%	straight line
Leasehold improvements	-		charged over the duration of the lease

##### 1.4 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**FORTRESS GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**2. OPERATING PROFIT**

The operating profit is stated after charging

	2010 £	2009 £
Wages & salaries	1,087,859	642,941
Social security costs	93,042	52,077
Other pension costs	13,954	10,684
<b>Staff costs</b>	<b>1,194,855</b>	<b>705,702</b>
Bad debts	1,533,987	665,013
Depreciation of tangible fixed assets		
- owned by the company	24,658	13,877
Operating lease charges		
- plant & machinery	22,233	9,421
Services provided by the company's auditor		
- Fees payable for the audit	20,000	-

**3. DIRECTORS' REMUNERATION**

	2010	2009
Aggregate emoluments	<u>184,815</u>	<u>63,644</u>

**4. TAXATION**

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	73,615	143,812
Adjustments in respect of prior periods	(32,094)	-
	<u>41,521</u>	<u>143,812</u>
<b>Deferred tax (see note 8)</b>		
Origination and reversal of timing differences	<u>(3,453)</u>	<u>15,200</u>
<b>Tax on profit on ordinary activities</b>	<u><u>38,068</u></u>	<u><u>159,012</u></u>

**FORTRESS GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**5 TANGIBLE FIXED ASSETS**

	Office Equipment £	Fixtures & Fittings £	Leasehold Improvements £	Total £
<b>Cost</b>				
At 1 January 2010	53,078	49,119	-	102,197
Additions	12,574	6,098	4,114	22,786
Disposals	(24,612)	(500)	-	(25,112)
At 31 December 2010	<b>41,040</b>	<b>54,717</b>	<b>4,114</b>	<b>99,871</b>
<b>Depreciation</b>				
At 1 January 2010	15,292	9,345	-	24,637
Charge for the year	13,350	10,573	735	24,658
Disposals	(4,738)	-	-	(4,738)
At 31 December 2010	<b>23,904</b>	<b>19,918</b>	<b>735</b>	<b>44,557</b>
<b>Net book value</b>				
At 31 December 2010	<b>17,136</b>	<b>34,799</b>	<b>3,379</b>	<b>55,314</b>
At 31 December 2009	37,786	39,774	-	77,560

**6. DEBTORS**

	2010 £	2009 £
Trade debtors	809,243	868,749
Prepayments and accrued income	38,614	10,595
	<b>847,857</b>	<b>879,344</b>

**7. CREDITORS:  
Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	65,772	87,123
Corporation tax	61,404	143,812
Social security and other taxes	29,012	26,724
Other creditors	370,474	276,675
	<b>526,662</b>	<b>534,334</b>

**FORTRESS GROUP (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**8 DEFERRED TAXATION**

	2010 £	2009 £
At beginning of year	15,200	-
Deferred tax (credited)/charged in the P&L account for the period	(3,453)	15,200
	<u>11,747</u>	<u>15,200</u>

The provision for deferred taxation is made up as follows

Accelerated capital allowances	12,018	15,200
Short term timing differences	(271)	-
	<u>11,747</u>	<u>15,200</u>

**9. SHARE CAPITAL**

	2010 £	2009 £
Allotted, called up and fully paid		
1,000 - Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>

**10. RESERVES**

	Profit and loss account £	Capital reserve £
At 1 January 2010	640,685	-
Profit for the year	222,884	-
Capital Contribution from parent	-	100,000
Dividends Equity capital	(158,000)	-
	<u>705,569</u>	<u>100,000</u>
At 31 December 2010		

During the year a £100,000 capital contribution was made by Think Finance

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**FORTRESS GROUP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**11. SHAREHOLDERS FUNDS**

	2010 £	2009 £
Profit for the financial year	222,884	455,227
Dividends	(158,000)	(120,000)
Retained profit for the year	<u>64,884</u>	<u>335,227</u>
Capital contribution	100,000	-
Net addition to shareholders funds	<u>164,884</u>	<u>335,227</u>
Closing shareholders funds	<u><u>806,569</u></u>	<u><u>641,685</u></u>

**12. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately to those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,954 (2009: £10,684).

**13. OPERATING LEASE COMMITMENTS**

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	2010 £	2009 £
<b>Land &amp; Buildings:</b>		
Expiring within 1 year	63,336	51,021
Expiring during years 2 & 5	147,784	211,120
	<u>211,120</u>	<u>262,141</u>
<b>Plant &amp; Equipment:</b>		
Expiring within 1 year	21,079	15,234
Expiring during years 2 & 5	28,786	34,683
	<u>49,865</u>	<u>49,917</u>

**14. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES**

During the year Mr K Moulden and Mr S P Carter, who were both directors of the company, loaned money to Fortress Group (UK) Limited on an interest-free basis with no fixed repayment date. At the year end the company owed Mr K Moulden £110,699 (2009: £126,189) and Mr S P Carter £104,859 (2009: £124,889).

The loans from Mr K Moulden and Mr S P Carter were repaid by the company on 11<sup>th</sup> February 2011.

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**FORTRESS GROUP (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**15. RELATED PARTY TRANSACTIONS**

Also during the year, dividends were paid to Mr K Moulden and Mr S P Carter totalling £158,000 (2009 £120,000)

**16. ULTIMATE PARENT COMPANY**

During the year, the shares of the company were sold in their entirety to Think Finance Inc 4150 International Plaza, Suite 400, Fort Worth, Texas 76109