

Kestrel Loans No.1 Limited

Directors' report and financial statements

For the year ended 31 March 2012

Registered number 5143638

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2012

Principal activities

In June 2009 the Company sold its entire loan book to Swift Advances plc and Swift 1st Limited and used the proceeds to redeem its outstanding borrowings. Following this sale the Company has not traded. The Directors continue to review the Company's strategic options.

Principal risks and uncertainties

Following the sale of the portfolio the principal risks of the Company mainly relate to liquidity risk. The Company has lent the majority of its surplus funds to its parent, Kestrel Acquisitions Limited, for a period of at least 12 months, retaining some funds on short term deposit with Kestrel Acquisitions Limited to fund any future financial commitments.

Going concern

The Company operates as part of the Kestrel Holdings Group (the Group). The Group's performance remains sensitive to the economic environment, which can be impacted by future house price movement and the level of arrears on customer accounts, which in turn influence the level of impairments. The Directors have reviewed the Group's current financial position and have prepared detailed financial projections for the period to March 2015. These projections, even after accommodating a downside scenario, indicate the adequacy of the Group's cash resources and compliance with its covenants.

Dividend

The Directors do not recommend the payment of a dividend (2011: £nil).

Directors

The Directors who held office during the year were as follows:

A Punch

A Brooks

D Bolland

J Webster (resigned 12 August 2011)

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political and charitable contributions

The Company made no charitable contributions during the year (2011: £nil).

The Company made no political contributions during the year (2011: £nil).

Directors' report (continued)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that ought to have been 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

Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at a forthcoming Board Meeting

On behalf of the board

A Punch
Director
21 September 2012

Arcadia House, Warley Hill Business Park, The Drive,
Great Warley, Brentwood, Essex CM13 3BE

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 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 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 auditor's report to the members of Kestrel Loans No.1 Limited

We have audited the financial statements of Kestrel Loans No 1 Limited for the year ended 31 March 2012 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 Statement of Directors' responsibilities set out on page 3, 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

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 31 March 2012 and of the Company's loss for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditor's report to the members of Kestrel Loans No.1 Limited (continued)

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



Andrew Walker (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

KPMG Audit Plc
St James Square
Manchester
M2 6DS

21 September 2012

Profit and loss account
for the year ended 31 March 2012

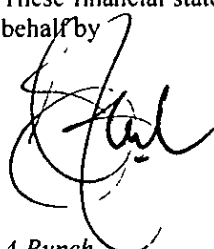
	<i>Note</i>	2012 £000	2011 £000
Administrative expenses and operating loss		(2)	(4)
Interest receivable and similar income		-	6
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	2	(2)	2
Tax on (loss)/profit on ordinary activities	3	(409)	(466)
		<hr/>	<hr/>
Loss for the year		(411)	(464)
		<hr/>	<hr/>

The Company had no recognised gains or losses in the financial year other than those dealt with in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

Balance sheet
at 31 March 2012

	<i>Note</i>	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Investments	4	-	-	-	-
Current assets					
Debtors	5	41,941		41,942	
Cash at bank and in hand		-		4	
		<u>41,941</u>		<u>41,946</u>	
Creditors' amounts falling due within one year	6	<u>(2,704)</u>		<u>(2,298)</u>	
Net current assets			<u>39,237</u>		<u>39,648</u>
Total assets less current liabilities			<u>39,237</u>		<u>39,648</u>
Capital and reserves					
Called up share capital	7	-	-	-	-
Profit and loss account	8	39,237		39,648	
Shareholders' funds	9	<u>39,237</u>		<u>39,648</u>	

These financial statements were approved by the Board of Directors on 21 September 2012 and were signed on its behalf by



A Punch
Director



A Brooks
Director

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

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Going concern

The Company operates as part of the Kestrel Holdings Group (the Group). The Group's performance remains sensitive to the economic environment, which can be impacted by future house price movement and the level of arrears on customer accounts, which in turn influence the level of impairments. The Directors have reviewed the Group's current financial position and have prepared detailed financial projections for the period to March 2015. These projections, even after accommodating a downside scenario, indicate the adequacy of the Group's cash resources and compliance with its covenants.

Cash flow statement

Under Financial Reporting Standard No 1 (Revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in the consolidated cash flow statement of its ultimate parent company, Kestrel Holdings Limited.

Taxation

The charge for taxation is based on the profit for the period and takes into account deferred tax arising on timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax is recognised, without discounting, at tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 (Loss)/profit on ordinary activities before taxation

	2012	2011
	£000	£000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	-	2
Fees payable to the Company's auditor for other services		
Tax services	2	2
	<hr/>	<hr/>

The Company's audit fee of £1,800 was borne by another Group company, Kestrel Acquisitions Limited.

Notes (continued)

3 Tax on (loss)/profit on ordinary activities

Analysis of tax charge in the year

	2012 £000	2011 £000
UK corporation tax		
Current tax on (loss)/profit for the year	409	440
Adjustments in respect of prior years	-	26
	<u>409</u>	<u>466</u>

The tax assessment for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(2)	2
	<u>-</u>	<u>1</u>
Current tax at 26% (2011: 28%)	-	1
Effects of		
Expenses not deductible for tax purposes	409	439
Adjustments in respect of prior periods	-	26
	<u>409</u>	<u>466</u>
Total current tax charge	<u>409</u>	<u>466</u>

4 Fixed asset investments

	Shares in group undertakings £000
<i>Shares</i>	
<i>Cost</i>	
At beginning and end of year	-

Kestrel Loans No 2 Limited, a dormant company incorporated in the United Kingdom, is a wholly owned subsidiary undertaking of the Company

5 Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	<u>41,941</u>	<u>41,942</u>

Notes (continued)

6 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	4	3
Corporation tax	2,698	2,290
Accruals and deferred income	2	5
	<u>2,704</u>	<u>2,298</u>

7 Called up share capital

	2012 £000	2011 £000
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	<u>-</u>	<u>-</u>

8 Profit and loss account

	2012 £000	2011 £000
At beginning of year	39,648	40,112
Loss for the year	(411)	(464)
At end of year	<u>39,237</u>	<u>39,648</u>

9 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	39,648	40,112
Loss for the year	(411)	(464)
Closing shareholders' funds	<u>39,237</u>	<u>39,648</u>

Notes (continued)

10 Related party disclosures

The Company has taken advantage of the exemption within FRS 8 'Related Party Disclosures' from disclosing transactions with its parent undertaking and fellow subsidiary undertakings

11 Ultimate parent company

The Company's ultimate parent undertaking is Kestrel Holdings Limited, incorporated in the United Kingdom. The Company's parent undertaking is Kestrel Acquisitions Limited, incorporated in the United Kingdom. Kestrel Holdings Limited is the parent undertaking of both the largest and smallest group of which Kestrel Loans No 1 Limited is a member and for which group financial statements are drawn up. Copies of the group financial statements are available from Companies House.

12 Ultimate controlling party

73.4% (2011: 73.4%) of the issued share capital of Kestrel Holdings Limited, the ultimate parent undertaking of the Company, is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited and is deemed to be the ultimate controlling party.