

**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

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## **LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	Sir M Snyder M Large P Thackwray
<b>COMPANY SECRETARY</b>	M B Walsh
<b>COMPANY NUMBER</b>	05841608
<b>REGISTERED OFFICE</b>	Saint Martins House 210-212 Chapeltown Road Leeds West Yorkshire LS7 4HZ
<b>AUDITORS</b>	Reeves & Co LLP Statutory Auditors & Chartered Accountants Third Floor 24 Chiswell Street London EC1Y 4YX
<b>BANKERS</b>	Co-operative Bank 80 Cornhill London EC3V 3NJ
<b>SOLICITORS</b>	Linklaters LLP 1 Silk Street London EC2Y 8HQ

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**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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**CONTENTS**

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	Page
<b>Directors' report</b>	1 - 2
<b>Independent auditors' report</b>	3 - 4
<b>Profit and loss account</b>	5
<b>Balance sheet</b>	6
<b>Notes to the financial statements</b>	7 - 10

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## **LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011**

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The directors present their report and the financial statements for the year ended 31 March 2011

#### **PRINCIPAL ACTIVITIES**

Its principal activity is to enable retail Community Development Finance Institutions (CDFI) to provide more finance to small and medium enterprises in the London area

#### **DIRECTORS**

The directors who served during the year were

Sir M Snyder  
M Large  
P Thackwray

The directors are pleased to report that London Business Loans Limited has ceased lending at the end of this financial year and has been responsible for 294 loans to SME businesses in London since 2007 totalling £6.92m from investor funds of only £5.86m creating and sustaining hundreds of jobs and increasing new business starts, enabling established firms to grow and thus increasing London's overall competitiveness

During the preparation of these accounts the directors have given due consideration to going concern issues for the business looking ahead. The loan portfolio profile is now set and entering a phase of run-off with conservative provisioning unlikely to be fully realised

#### **AUDITORS**

The auditors, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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

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 the directors have elected to prepare the 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 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 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 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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**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2011**

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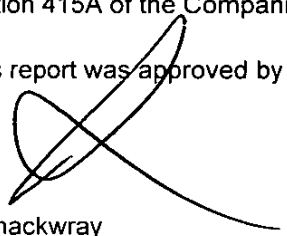
**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 17 October 2011 and signed on its behalf



P Thackwray  
Director

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## **LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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We have audited the financial statements of London Business Loans (Wholesale) Limited for the year ended 31 March 2011, set out on pages 5 to 10. 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 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 explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

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**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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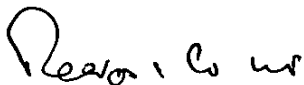
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDON BUSINESS LOANS  
(WHOLESALE) LIMITED**

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**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, 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



James O'Brien FCA (Senior statutory auditor)  
for and on behalf of

**Reeves & Co LLP**  
Statutory Auditors  
Chartered Accountants  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

Date 3 December 2011

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**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

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	Note	2011 £	2010 £
<b>TURNOVER</b>	1	<b>99,778</b>	93,677
Administrative expenses		<b>(150,337)</b>	(444,050)
Other operating income	2	<b>45,000</b>	83,750
<b>OPERATING LOSS</b>	3	<b>(5,559)</b>	(266,623)
Interest receivable and similar income	4	<b>28,602</b>	36,384
Interest payable and similar charges		<b>(30,352)</b>	(29,378)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(7,309)</b>	(259,617)
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<b>(7,309)</b>	(259,617)

The notes on pages 7 to 10 form part of these financial statements



**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**  
**REGISTERED NUMBER 05841608**

**BALANCE SHEET**  
**AS AT 31 MARCH 2011**

	Note	£	2011 £	£	2010 £
<b>CURRENT ASSETS</b>					
Debtors	6	3,888,424		4,336,807	
Cash at bank		2,351,694		1,998,460	
		<u>6,240,118</u>		<u>6,335,267</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(217,424)</u>		<u>(205,328)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,022,694</u>		<u>6,129,939</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,022,694</u>		<u>6,129,939</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8		<u>(5,937,429)</u>		<u>(6,037,365)</u>
<b>NET ASSETS</b>			<u>85,265</u>		<u>92,574</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		510,000		510,000
Profit and loss account	10		<u>(424,735)</u>		<u>(417,426)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>85,265</u>		<u>92,574</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

  
P Thackwray  
Director

The notes on pages 7 to 10 form part of these financial statements

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## **LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and have been prepared on a going concern basis

As set out in the Directors' Report, the loan portfolio of the company is now set and entering a phase of run off

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

##### **1.2 TURNOVER**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

##### **1.3 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

##### **1.4 INTEREST RECEIVABLE**

Interest receivable from loans made to unlisted companies is accounted for in accordance with 1.2 above

##### **1.5 LOANS**

Loans are accounted for when cash is advanced to borrowers at fair value inclusive of transaction costs and are amortised over the period of the loan in accordance with the contractual terms. Loans are derecognised when the right to receive cash flows has expired

##### **1.6 RISK TRANSFER BANK ACCOUNT AND BAD DEBTS**

Retail Community Development Finance Institutions (CDFI) are required to provide a cash risk deposit calculated on their gross credit line. These monies are held in a separate risk transfer bank account. In the event of a loan default the bad debt losses are shared between the company and the CDFI (the companies share being no greater than 50%) with the CDFI's share taken from, but limited by, the value of their deposit

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**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

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**2. OTHER OPERATING INCOME**

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<b>£</b>
Management fees	<b>45,000</b>	<i>83,750</i>

**3. OPERATING LOSS**

The operating loss is stated after charging

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<b>£</b>
Auditors' remuneration	<b>9,477</b>	<i>9,829</i>

During the year, no director received any emoluments (2010 - £NIL)

**4 INVESTMENT INCOME**

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<b>£</b>
Bank interest receivable	<b>28,602</b>	<i>36,384</i>

**5 TAXATION**

Based on the results in these accounts, no provision for corporation tax has been made on the current year results

The company had trading losses of £422,985 (2010 £417,426) available for carry forward against future profits

**6. DEBTORS**

	<b>2011</b>	<i>2010</i>
	<b>£</b>	<b>£</b>
Trade debtors	<b>3,862,314</b>	<i>4,317,400</i>
Other debtors	<b>26,110</b>	<i>19,407</i>
	<b>3,888,424</b>	<i>4,336,807</i>

Included in trade debtors above are debtors of £2,715,328 (2010 £3,226,974) which are falling due after more than one year

**LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2011**

**7 CREDITORS  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	58,185	42,797
Other creditors	159,239	162,531
	<u>217,424</u>	<u>205,328</u>

**8. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011 £	2010 £
Bank loans	3,000,000	3,000,000
Other loans	100,000	100,000
Other creditors	2,837,429	2,937,365
	<u>5,937,429</u>	<u>6,037,365</u>

Included within the above are amounts falling due as follows

	2011 £	2010 £
<b>BETWEEN TWO AND FIVE YEARS</b>		
Bank loans	3,000,000	3,000,000
Other loans	100,000	100,000
	<u>3,100,000</u>	<u>3,100,000</u>

The bank loan, unless demand for early repayment is made, is due for repayment at the expiry of the facility which should be five years from the date of drawdown. Interest is fixed for the duration of the facility at 1% per annum and is charged quarterly. The loan is secured by a fixed and floating charge over the assets of the company. This loan is due for repayment on 5 July 2012 in accordance with the renewal letter dated 11 April 2011. The company anticipates that approximately £2.6 million will be repaid by the due date with the remaining £400,000 being repaid in the period up to 31 July 2013, in line with the loan repayment profile of the company's debtors and as consistently projected in the company's forecasts. The timing of the repayment of the loan together with the company's forecasts have been fully disclosed and discussed regularly with the company's bankers. No matters have been brought to the attention of the company to suggest an agreement to this later payment date relating to the balance of the loan will not be forthcoming.

Included in Other Creditors is £627,013 (2010 £687,365) received from retail Community Development Finance Institutions (CDFI) in respect of cash risk deposits representing not less than 25% of their gross credit line.

Also included within Other Creditors is £2,210,416 (2010 £2,250,000), in respect of a loan that was provided to the company during 2010 for the Economic Recovery Loan Fund by SME Wholesale Finance (London) Limited.

# **LONDON BUSINESS LOANS (WHOLESALE) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

### **9. SHARE CAPITAL**

	2011 £	2010 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
510,000 Ordinary Shares shares of £1 each	<u>510,000</u>	<u>510,000</u>

### **10 RESERVES**

	Profit and loss account £
At 1 April 2010	(417,426)
Loss for the year	(7,309)
At 31 March 2011	<u>(424,735)</u>

### **11 RELATED PARTY TRANSACTIONS**

During the year the company was charged £124,596 (2010 £192,238) by Greater London Enterprise Limited, a shareholder, in respect of management fees. At the year end £57,927 (2010 £42,539) remained outstanding and is included within trade creditors in note 7.

The company continued to owe Kingston Smith Consultants Limited, a shareholder, £100,000 (2010 £100,000) in the form of a debenture which was provided during 2009. This is included within other loans due after more than one year in note 8.

During 2010, a loan was provided to the company for the Economic Recovery Loan by SME Wholesale Finance (London) Limited, a shareholder. At the year end, a balance of £2,210,416 (2010 £2,250,000) is included within other creditors due after more than one year in note 8. The company charged SME Wholesale Finance (London) Limited a fee of £45,000 (2010 £83,750) in relation to the management of this fund.

At the balance sheet date, an amount of £258 (2010 £258) was owed to Kingston Smith LLP and is included within Trade creditors in note 7. Sir M Snyder, the senior partner of Kingston Smith LLP is also a director of this company.

### **12 CONTROLLING PARTY**

The company is not under the control of one party.