

Registered number: 05841608

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012



LONDON BUSINESS LOANS (WHOLESALE) LIMITED

COMPANY INFORMATION

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

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

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LONDON BUSINESS LOANS (WHOLESALE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012

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 entered its run-off phase and has now repaid £2.4m of investor funds in July 2012 and are on track to repay further investments in the following year. During its lending phase 294 loans were issued to SME businesses in London totalling £6.92m creating and sustaining hundreds of jobs and increasing new business starts and enabling established firms to grow.

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.

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

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

AUDITORS

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

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 6/4/12

and signed on its behalf



P Thackwray
Director

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

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

We have audited the financial statements of London Business Loans (Wholesale) Limited for the year ended 31 March 2012, set out on pages 5 to 11. 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 2012 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.

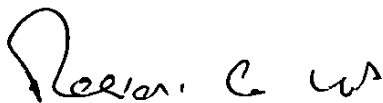
LONDON BUSINESS LOANS (WHOLESALE) LIMITED

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

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 7/7/12

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
TURNOVER	1	76,686	99,778
Administrative expenses		(142,423)	(150,337)
Other operating income	2	45,000	45,000
OPERATING LOSS	3	(20,737)	(5,559)
Interest receivable and similar income	4	42,630	28,602
Interest payable and similar charges		(30,537)	(30,352)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,644)	(7,309)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR	10	(8,644)	(7,309)

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

LONDON BUSINESS LOANS (WHOLESALE) LIMITED
REGISTERED NUMBER 05841608

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
CURRENT ASSETS					
Debtors	6	2,674,465		3,888,424	
Cash at bank		2,997,659		2,351,694	
		<u>5,672,124</u>		<u>6,240,118</u>	
CREDITORS amounts falling due within one year	7	<u>(2,711,273)</u>		<u>(217,424)</u>	
NET CURRENT ASSETS			2,960,851		6,022,694
TOTAL ASSETS LESS CURRENT LIABILITIES			2,960,851		6,022,694
CREDITORS amounts falling due after more than one year	8		<u>(2,884,230)</u>		<u>(5,937,429)</u>
NET ASSETS			<u>76,621</u>		<u>85,265</u>
CAPITAL AND RESERVES					
Called up share capital	9		510,000		510,000
Profit and loss account	10		<u>(433,379)</u>		<u>(424,735)</u>
SHAREHOLDERS' FUNDS			<u>76,621</u>		<u>85,265</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

6/7/12

P Thackwray
Director

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

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 represents returns on interest receivable from loans made to unlisted companies and sundry investment income

Interest receivable from loans is recognised on an accruals basis when receivable

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 unrecognised when the right to receive cash flows has expired

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES (continued)

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.

2. OTHER OPERATING INCOME

	2012 £	2011 £
Management fees	<u>45,000</u>	<u>45,000</u>

3. OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Auditors' remuneration	<u>7,782</u>	<u>9,477</u>

During the year, no director received any emoluments (2011 - £NIL)

4. INVESTMENT INCOME

	2012 £	2011 £
Bank interest receivable	<u>42,630</u>	<u>28,602</u>

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 £433,379 (2011 £422,985) available for carry forward against future profits.

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

6. DEBTORS

	2012 £	2011 £
Trade debtors	2,641,453	3,862,314
Other debtors	33,012	26,110
	<u>2,674,465</u>	<u>3,888,424</u>

Included in trade debtors above are debtors of £1,617,564 (2011 £2,715,328) which are falling due after more than one year

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

	2012 £	2011 £
Trade creditors	6,723	58,185
Other creditors	154,550	159,239
	<u>161,273</u>	<u>217,424</u>

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

	2012 £	2011 £
Bank loans	3,000,000	3,000,000
Other loans	100,000	100,000
Other creditors	2,334,230	2,837,429
	<u>5,434,230</u>	<u>5,937,429</u>

Included within the above are amounts falling due as follows

	2012 £	2011 £
BETWEEN TWO AND FIVE YEARS		
Bank loans	3,000,000	3,000,000
Other loans	100,000	100,000
	<u>3,100,000</u>	<u>3,100,000</u>

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loan has been reduced from £3m to £600,000. Interest is fixed for the duration of the facility at 4% per annum over the Base Rate (currently 0.5%) 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 31 December 2013 and the original facility was repaid on 5 July 2012 in accordance with the renewal letter dated 11 April 2011. The company anticipates that the new loan of £600,000 will be repaid by the due date.

Included in Other Creditors is £561,489 (2011: £627,013) 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 £1,772,741 (2011: £2,210,416), 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.

9. SHARE CAPITAL

	2012 £	2011 £
ALLOTTED, CALLED UP AND FULLY PAID		
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 2011	(424,735)
Loss for the year	(8,644)
At 31 March 2012	<u>(433,379)</u>

LONDON BUSINESS LOANS (WHOLESALE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

11. RELATED PARTY TRANSACTIONS

During the year the company was charged £43,999 (2011 £124,596) by Greater London Enterprise Limited, a shareholder, in respect of management fees. At the year end £6,466 (2011 £57,927) remained outstanding and is included within trade creditors in note 7.

The company continued to owe Kingston Smith Consultants Limited, a shareholder, £100,000 (2011 £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 £1,772,741 (2011 £2,210,416) 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 (2011 £45,000) in relation to the management of this fund.

At the balance sheet date, an amount of £258 (2011 £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.