

Chantrey Vellacott DFK LLP

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Company Registration Number 05936401

**Cheval Capital Partners Limited**

**Financial statements**

**30 June 2007**



**Cheval Capital Partners Limited**

**Financial statements**

**Period from 16 September 2006 to 30 June 2007**

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| <b>Contents</b>                                 | <b>Pages</b>   |
|---|----------------|
| Officers and professional advisers              | <b>1</b>       |
| Directors' report                               | <b>2 to 3</b>  |
| Independent auditor's report to the shareholder | <b>4 to 5</b>  |
| Profit and loss account                         | <b>6</b>       |
| Balance sheet                                   | <b>7</b>       |
| Cash flow statement                             | <b>8</b>       |
| Notes to the financial statements               | <b>9 to 13</b> |

**Cheval Capital Partners Limited**  
**Officers and professional advisers**

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|                           |   |
|---------------------------|---|
| <b>Board of directors</b> | B S Hersch<br>E L Sher  |
| <b>Company secretary</b>  | A S Margolis  |
| <b>Registered office</b>  | Meridien House<br>Clarendon Road<br>Watford<br>WD17 1DS   |
| <b>Auditor</b>            | Chantrey Vellacott DFK LLP<br>Chartered Accountants<br>Registered Auditor<br>Gresham House<br>53 Clarendon Road<br>Watford<br>Herts<br>WD17 1LR |
| <b>Solicitors</b>         | Brabners Chaffe Street LLP<br>55 King Street<br>Manchester<br>M2 4LQ  |

**Cheval Capital Partners Limited****Directors' report****Period from 16 September 2006 to 30 June 2007**

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The directors have pleasure in presenting their report and the audited financial statements of the company for the period from 16 September 2006 to 30 June 2007

**Principal activities and business review**

The principal activity of the company during the period was that of secured lending

The company was incorporated on 15 September 2006

During the year the company changed its name from IGNIM Productions Limited to Cheval Capital Partners Limited

Management charges amounting to £282,542 were paid during the year to the parent company based on the relative value of the loan book

The results for the year ended 30 June 2007 are shown in the profit and loss account on page 6. The profit for the year after taxation was £711,477. No dividends were declared during the year. It is not the intention of the company to declare any dividends in the forthcoming year.

**Directors**

The directors who served the company during the period were as follows

1st Contact Directors Limited  
B S Hersch  
E L Sher

B S Hersch was appointed as a director on 8 November 2006  
E L Sher was appointed as a director on 8 November 2006

1st Contact Directors Limited retired as a director on 8 November 2006

**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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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,
- 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 proper accounting records that 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 1985. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and

**Cheval Capital Partners Limited**

**Directors' report** *(continued)*

**Period from 16 September 2006 to 30 June 2007**

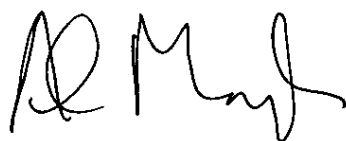
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- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by order of the directors



A S Margolis  
Company Secretary

Approved by the directors on 21.12.07

**Cheval Capital Partners Limited****Independent auditor's report to the shareholder of  
Cheval Capital Partners Limited****Period from 16 September 2006 to 30 June 2007**

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We have audited the financial statements of Cheval Capital Partners Limited for the period from 16 September 2006 to 30 June 2007 which comprise the profit and loss account, balance sheet, cash flow statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 company's circumstances, 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.

**Cheval Capital Partners Limited**

**Independent auditor's report to the shareholder of  
Cheval Capital Partners Limited (continued)**

**Period from 16 September 2006 to 30 June 2007**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Chantrey Vellacott DFK LLP*

**CHANTREY VELLACOTT DFK LLP**

**Chartered Accountants  
Registered Auditor**

**Watford**

**21.12.2007**

Chantrey Vellacott DFK LLP

**Cheval Capital Partners Limited****Profit and loss account****Period from 16 September 2006 to 30 June 2007**


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|  | Note | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|--|------|---|
| <b>Turnover</b>                                      | 2    | 1,529,136                                     |
| Cost of sales  |      | 204,026                                       |
| <b>Gross profit</b>                                  |      | <u>1,325,110</u>                              |
| Administrative expenses                              |      | 301,920                                       |
| <b>Profit on ordinary activities before taxation</b> |      | <u>1,023,190</u>                              |
| Tax on profit on ordinary activities                 | 6    | 311,713                                       |
| <b>Profit for the financial period</b>               |      | <u><u>711,477</u></u>                         |

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 9 to 13 form part of these financial statements

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**Cheval Capital Partners Limited****Balance sheet****As at 30 June 2007**

|   | Note | 30 Jun 07<br>£   |
|---|------|------------------|
| <b>Current assets</b>                         |      |                  |
| Debtors                                       | 7    | 6,096,702        |
| Creditors amounts falling due within one year | 8    | <u>5,385,224</u> |
| <b>Net current assets</b>                     |      | <u>711,478</u>   |
| <b>Total assets less current liabilities</b>  |      | <u>711,478</u>   |
| <b>Capital and reserves</b>                   |      |                  |
| Called up equity share capital                | 10   | 1                |
| Profit and loss account                       | 11   | <u>711,477</u>   |
| <b>Shareholder's funds</b>                    | 12   | <u>711,478</u>   |

These financial statements were approved by the Board and authorised for issue on 21/12/07 and were signed on its behalf by

  
E L SHER  
Director

The notes on pages 9 to 13 form part of these financial statements

**Cheval Capital Partners Limited****Cash flow statement****Period from 16 September 2006 to 30 June 2007**


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|   | Note | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|---|------|---|
| Net cash inflow from operating activities | 13   | 87,463  |
| Taxation                                  | 13   | (87,464)                                      |
| Cash outflow before financing             |      | (1)   |
| Financing                                 | 13   | 1   |
| Increase in cash                          |      | -   |

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The notes on pages 9 to 13 form part of these financial statements

# **Cheval Capital Partners Limited**

## **Notes to the financial statements**

**Period from 16 September 2006 to 30 June 2007**

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### **1 Accounting policies**

#### **Basis of accounting**

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

#### **Turnover and cost of sales**

Turnover represents interest received and receivable from loans advanced and other fees associated with loans advanced

Cost of sales represents interest paid and payable on group loans

#### **Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

### **2 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

|                | <b>Period from<br/>16 Sep 06 to<br/>30 Jun 07<br/>£</b> |
|----------------|---|
| United Kingdom | <b><u>1,529,136</u></b>                                 |

### **3 Operating profit**

Operating profit is stated after charging

|  | <b>Period from<br/>16 Sep 06 to<br/>30 Jun 07<br/>£</b> |
|--|---|
| Auditor's remuneration                                     | <b><u>3,525</u></b>                                     |
|  | <b>30 Jun 07<br/>£</b>                                  |
| Auditor's remuneration - audit of the financial statements | <b><u>3,525</u></b>                                     |

**Cheval Capital Partners Limited****Notes to the financial statements****Period from 16 September 2006 to 30 June 2007****4 Particulars of employees**

The average number of staff, including executive directors, employed by the company during the financial period can be analysed as follows

|                            | Period from<br>16 Sep 06 to<br>30 Jun 07<br>No |
|----------------------------|--|
| Number of management staff | <u>2</u>                                       |

No salaries or wages have been paid to employees, including the directors, during the period

**5 Interest payable**

|                              |                  |
|------------------------------|------------------|
| On loans from parent company | 204,026          |
| Included in cost of sales    | <u>(204,026)</u> |
|                              | <u>-</u>         |

**6 Taxation on ordinary activities****(a) Analysis of charge in the period**

|   | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|---|---|
| Current tax   |   |
| UK Corporation tax based on the results for the period at 30% | 311,713                                       |
| Total current tax   | <u>311,713</u>                                |

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30%

|   | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|---|---|
| Profit on ordinary activities before taxation           | <u>1,023,190</u>                              |
| Profit on ordinary activities multiplied by rate of tax | 306,957                                       |
| General bad debt provision multiplied by rate of tax    | <u>4,756</u>                                  |
| Total current tax (note 6(a))                           | <u>311,713</u>                                |

# **Cheval Capital Partners Limited**

## **Notes to the financial statements**

**Period from 16 September 2006 to 30 June 2007**

### **7 Debtors**

|                                | 30 Jun 07<br>£          |
|--------------------------------|-------------------------|
| Due from borrowers             | 3,993,147               |
| Other debtors                  | 2,085,000               |
| Prepayments and accrued income | <u>18,555</u>           |
|                                | <u><b>6,096,702</b></u> |

The amounts due from borrowers is secured by legal charges held over land and buildings

### **8 Creditors' amounts falling due within one year**

|                                    | 30 Jun 07<br>£          |
|------------------------------------|-------------------------|
| Amounts owed to group undertakings | 4,049,712               |
| Corporation tax                    | 224,249                 |
| Accruals and deferred income       | <u>1,111,263</u>        |
|                                    | <u><b>5,385,224</b></u> |

### **9 Related party transactions**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

### **10 Share capital**

#### **Authorised share capital**

|                                  | 30 Jun 07<br>£      |
|----------------------------------|---------------------|
| 1,000 Ordinary shares of £1 each | <u><b>1,000</b></u> |

#### **Allotted, called up and fully paid**

|                            | No       | £        |
|----------------------------|----------|----------|
| Ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| <b>Equity shares</b>       |          |          |
| Ordinary shares of £1 each | <u>1</u> | <u>1</u> |

**Cheval Capital Partners Limited****Notes to the financial statements****Period from 16 September 2006 to 30 June 2007****11 Profit and loss account**

|                                 | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|---------------------------------|---|
| Profit for the financial period | 711,477                                       |
| Balance carried forward         | <u>711,477</u>                                |

**12 Reconciliation of movements in shareholder's funds**

|                                       | 30 Jun 07<br>£ |
|---------------------------------------|----------------|
| Profit for the financial period       | 711,477        |
| New ordinary share capital subscribed | <u>1</u>       |
| Net addition to shareholder's funds   | 711,478        |
| Closing shareholder's funds           | <u>711,478</u> |

**13 Notes to the cash flow statement****Reconciliation of operating profit to net cash inflow from operating activities**

|   | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|---|---|
| Operating profit                          | 1,023,190                                     |
| Increase in debtors                       | (6,096,702)                                   |
| Increase in creditors                     | <u>5,160,975</u>                              |
| Net cash inflow from operating activities | <u>87,463</u>                                 |

**Taxation**

|          | Period from<br>16 Sep 06 to<br>30 Jun 07<br>£ |
|----------|---|
| Taxation | <u>(87,464)</u>                               |

**Cheval Capital Partners Limited****Notes to the financial statements****Period from 16 September 2006 to 30 June 2007****13 Notes to the cash flow statement (continued)****Financing**

|                                       | <b>Period from<br/>16 Sep 06 to<br/>30 Jun 07<br/>£</b> |
|---------------------------------------|---|
| Issue of equity share capital         | <u>1</u>  |
| <b>Net cash inflow from financing</b> | <u><b>1</b></u>   |

**14 Ultimate parent company**

The parent company is Cheval Property Finance Plc, which is registered in the United Kingdom

The directors' believe it is appropriate for the parent company to make management charges to its subsidiary undertakings, as all administrative expenses are processed through Cheval Property Finance Plc. The method of calculation is based on the amounts due from borrowers, and is pro-rated accordingly. The charge is included within administrative expenses.

The ultimate parent company is Ambition Capital Limited, which is incorporated in Guernsey. There is no ultimate controlling party.

Group financial statements are prepared for Credit Investment Limited, which is the parent company of Cheval Property Finance Plc. A copy of the group financial statements may be obtained from the registered office at NJHCO 8th Floor, Tolworth Tower, Ewell Road, Surbiton, Surrey, KT6 7EL.