

## **HS 428 Limited**

Registered No 6108332

## **Report and Financial Statements**

For the Period from 15 February 2007 to 31 December 2007

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## HS 428 Limited

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Registered No 6108332

### **Directors**

Heatons Directors Ltd	(Appointed 15/02/07 and resigned 07/08/07)
Mr S Burgess	(Appointed 01/02/07 and resigned 02/08/07)
Ms S Burgess	(Appointed 01/02/07 and resigned 02/08/07)
Mr S Pender	(Appointed 02/08/07)
Mr V Powell	(Appointed 02/08/07)

### **Secretary**

Heatons Secretaries Ltd	(Appointed 15/02/07 and resigned 07/08/07)
Mr S Burgess	(Appointed 01/02/07 and resigned 02/08/07)
Mr G Johnston	(Appointed 02/08/07)

### **Auditors**

KPMG Audit Plc  
Registered Auditors  
St James' Square  
Manchester  
M2 6DS

### **Registered Office**

Paymentshield House  
Southport Business Park  
Wight Moss Way  
Southport  
PR8 4HQ

## Directors' Report

The directors present their report with the financial statements of the company for the period 15 February 2007 to 31 December 2007

The Company was incorporated on 15 February 2007

### Principal activity

The principal activity of the company in the period under review was that of the business insurance consultancy

### Business Review

The results for the period and financial position of the company are as shown in the annexed financial statements. During the period the company was acquired by Paymentsshield Limited

### Principal risks and uncertainties

#### *Going Concern*

Liquidity, and the ability to source appropriate funding, is the key risks facing the Group

Liquidity is the risk that the Group will be unable to meet current and future financial commitments as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Liquidity risk is managed by operating a dual strategy approach which seeks to identify and minimise the likelihood of unforeseen demands for settlement of liabilities, whilst identifying and maintaining immediate or near term sources of additional cash should they prove necessary

The directors have considered a range of forecasts under various stress scenarios and believe that the Group has adequate cash resources for the next 12 months and the ability to secure further funds if required

As regards to sources of appropriate funding the Group is funded predominantly by long term financing from Insurer loans and other investors together with loans from banks, with the majority of funding extending into 2011

The outlook for the company's business continues to look positive

### Directors

The directors during the period under review were

Heatons Directors Ltd	Ms S Burgess
Mr S Burgess	Mr S Pender
Mr V Powell	

Details of directors' interests in the shares of Paymentsshield Group Holdings Limited are disclosed in the accounts of that company

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

## Directors' Report


### Auditors

KPMG were appointed auditors of the company. A resolution to reappoint KPMG as auditors will be put to the members at the Annual General Meeting.

By order of the board



Mr S M Pender  
Director

 2008

## **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)

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 HS 428 Limited

KPMG Audit Plc

## **Independent auditors' report to the members of HS428 Limited**

We have audited the financial statements of Oak Affinity Consultancy Limited for the period 15 February 2007 to 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 judgments 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.

# Independent auditor's report

to the members of HS 428 Limited (continued)

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs for the period 15 February 2007 to 31 December 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

*KPMG Audit Plc*

**KPMG Audit Plc**

*30 October* 2008

*Chartered Accountants*

*Registered Auditor  
St James' Square  
Manchester  
M2 6DS*

## Profit and Loss Account

For the period 15 February 2007 to 31 December 2007

		<i>Period Ended 31 December 2007</i>
<b>Continuing operations:</b>	<i>Notes</i>	<i>£</i>
<b>Turnover</b>	2	180,332
Administrative expenses		(5,000)
<b>Operating profit</b>	3	175,332
Interest receivable and similar income		-
<b>Profit on ordinary activities before taxation</b>		175,332
Tax on profit on ordinary activities	4	(6,712)
<b>Profit for financial period after taxation</b>		168,620

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above, and their historical cost equivalent

There were no other gains or losses other than those shown above

The notes on pages 9 to 12 form part of the financial statements




# Balance Sheet

As at 31 December 2007

	Notes	31 December 2007 £
<b>Current assets</b>		
Debtors	5	175,332
Cash at bank and in hand		2
		<u>175,334</u>
<b>Creditors:</b> amounts falling due within one year	6	(6,712)
<b>Net current assets</b>		<u>168,622</u>
		<u>168,622</u>
<b>Capital and reserves</b>		
Called up share capital	7	2
Profit and loss account	8	168,620
		<u>168,622</u>
Shareholders' funds	8	<u>168,622</u>

The notes on pages 9 to 12 form part of the financial statements

Approved on behalf of the Board

  
Mr S M Pender  
Director

20 October 2008

## Notes to the financial statements

### 1. Accounting policies

#### *Basis of preparation*

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

The Company is exempt by virtue of s228A of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The smallest group and largest group into which HS 428 Limited has been consolidated is Paymentsshield Group Holdings Limited.

The directors consider that the company will continue to be able to trade for the foreseeable future by meeting liabilities as they fall due for payment and accordingly, the financial statements have been prepared on a going concern basis. Whilst economic and market events have deteriorated significantly since the period end, the Company continues to meet all its debts as they fall due for payment. However, unforeseen events could result in deterioration in future estimated cash flows. Although the company does place reliance on other group entities for financial support, at the date of approval of these financial statements the directors have no reason to believe that this support will not continue.

However, the Directors do not consider that they will deteriorate to a point at which the Company's cannot meet its liabilities and believe it remains appropriate to prepare the financial statements on a going concern basis.

#### *Cash flow statement*

No cash flow statement has been prepared, as exemption has been taken under Financial Reporting Standard 1 (Revised 1996) 'Cash flow Statements' due to more than 90% of the voting rights being controlled by Paymentsshield Holdings Limited and of which consolidated financial statements are publicly available.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

### 3. Operating profit

The operating profit is stated after charging/(crediting)

	<i>December 2007 £</i>
Auditors' remuneration	2,000

## Notes to the financial statements

### 4. Taxation

#### *(a) Analysis of the tax charge*

The tax charge on the profit on ordinary activities is made up as follows

	<i>December 2007 £</i>
Current tax	
UK Corporation tax	6,712
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Deferred tax	
Origination and reversal of timing difference	-
	<hr/>
Tax on profit on ordinary activities	6,712
	<hr/> <hr/>

UK corporation tax charge at 20% (2007 – 30%)

#### *(b) Factors affecting the tax charge*

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	<i>December 2007 £</i>
Profit on ordinary activities before tax	175,332
	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	35,066
Effects of Utilisation of tax losses	(28,354)
	<hr/>
Current tax charge	6,712
	<hr/> <hr/>

## Notes to the financial statements

### 5. Debtors

	<i>December 2007 £</i>
Amounts due from group company	175,332
	<u>175,332</u>

### 6. Creditors: amounts falling due within one year

	<i>December 2007 £</i>
Corporation Tax	6,712
	<u>6,712</u>

### 7. Called up share capital

*Authorised*

	<i>December 2007 £</i>
Ordinary shares of £1 each	10,000

*Allotted and issued*

	<i>December 2007 £</i>
<i>As at 15 February 2007 and 31 December 2007</i>	
Ordinary shares of £1 each	2

### 8. Reconciliation of movements in shareholders' funds and movements on reserves

	<i>Share capital £</i>	<i>Profit &amp; loss account £</i>	<i>Total £</i>
At 15 February 2007	2	-	2
Retained profit for the period to 31 December 2007	-	168,620	168,620
At 31 December 2007	<u>2</u>	<u>168,620</u>	<u>168,622</u>

## **Notes to the financial statements**

### **9. Related party disclosures**

During the period the company received commission from Paymentsshield Ltd amounting to £180,332 and was owed £175,332

### **10. Ultimate controlling party**

The smallest and largest group into which HS 428 Limited is consolidated is Paymentsshield Group Holdings Limited, Paymentsshield House, Southport Business Park, Wight Moss Way, Southport, PR8 4HQ