
**Commercial First Buildings
Insurance Services Limited**

**Directors' Report and Financial
Statements**

Registered Number 06265082

Year Ended 30 November 2011

TUESDAY



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Contents

	Page No
Company Information	1
Report of the Directors	2
Statement of Directors' Responsibilities	3
Report of the Independent Auditors' to the Members of Commercial First Buildings Insurance Services Limited	4
Profit and Loss Account	6
Balance Sheet	7
Reconciliation of Movements in Shareholders' funds	8
Notes to the Financial Statements	9

Company Information

Directors

J Barbour
A Nehra
T Theobald

Company Secretary

Neptune Secretaries Limited
T Theobald

Registered Office

95 The Promenade
Cheltenham
Gloucestershire
GL50 1WG

Trading Address

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

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Wiggin LLP
95 The Promenade
Cheltenham
Gloucestershire
GL50 1WG

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers

Barclays Bank Plc
One Churchill Place
London
E14 5HP

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 30 November 2011

Principal activities and business review

The company's sole purpose is to act as an agent for insurance companies in supplying buildings insurance products to the group's portfolio of borrowers

All administrative expenses of the company are met by the company's fellow subsidiaries

Results and dividends

The profit for the year amounted to £17,519 (2010 Profit £19,860) There was no interim dividend paid for the year to 30 November 2011 (2010 nil) A final dividend of £57,000 for the year ended 30 November 2011 was declared during a meeting of the board of directors on 24 November 2011 The dividend was paid on 24 November 2011 to all ordinary shareholders of the company at 30 November 2011

The directors have signed an agreement with a major third party insurance company to become the Appointed Representative of that company for the purposes of selling insurance products to borrowers of the group This agreement commenced on 11 July 2007

Business Review and Future Developments

The group has not been actively lending since the collapse of the wholesale and securitisation markets in 2008 The group has secured working capital facilities sufficient for the group to continue to trade for the foreseeable future Whilst the working capital facilities will not permit new lending, the directors are actively seeking new strategic opportunities to generate income for the group

Directors

The directors who held office during the period and to date were as follows

Name	Date of Appointment	Date of Resignation
K R Millward		31/12/2011
M Parrott		31/12/2011
J Barbour	01/11/2011	
A Nehra	01/11/2011	
T Theobald	01/11/2011	

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG Audit Plc have expressed their willingness to continue in office The Company has elected to dispense with the following obligations with effect from 8 August 2005

- To lay accounts and reports before general meetings
- To hold annual general meetings
- To appoint auditors annually

By order of the board



T Theobald
Director

Date 28 March 2012

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 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, 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.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Commercial First Buildings Insurance Services Limited.

We have audited the financial statements of Commercial First Buildings Insurance Services Limited for the year ended 30 November 2011 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 auditors

As explained more fully in the Directors' Responsibilities Statement 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 30 November 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 auditors' report to the members of Commercial First Buildings Insurance Services 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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the basis of preparation section in note 1 to the financial statements concerning the Group and Company's ability to continue as a going concern

The Group and Company are currently reliant on facilities which expire in March 2014 and to which a number of financial covenants are attached. Deterioration in the performance of the mortgage portfolio may impact on the group's ability to manage its affairs within these covenants and may cause the FSA to cease being satisfied with the capital position of the regulated entity in the group. These conditions, along with the other matters mentioned in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.



J L Ellacott (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Date: 28 March 2012

Profit and Loss Account
for the year ended 30 November 2011

	<i>Note</i>	2011 £	2010 £
Commissions receivable		21,990	25,139
		<hr/>	<hr/>
Total operating income		21,990	25,139
		<hr/>	<hr/>
Operating profit on ordinary activities before taxation	2	21,990	25,139
		<hr/>	<hr/>
Tax on profit on ordinary activities	3	(4,471)	(5,279)
		<hr/>	<hr/>
Profit for the year	6	17,519	19,860
		<hr/>	<hr/>

The results all arise from continuing operations

There are no recognised gains and losses other than the profit for the year shown above, accordingly no statement of recognised gains or losses is required

The notes on pages 9 to 11 form part of these financial statements

Balance Sheet
At 30 November 2011

	<i>Note</i>	2011 £	2011 £	2010 £	2010 £
Current assets					
Amounts owed by group undertakings	4	7,564		47,853	
		<u> </u>		<u> </u>	
Total assets			<u>7,564</u>		<u>47,853</u>
Capital and reserves					
Called up share capital	5	1		1	
Profit and loss account		3,092		42,573	
		<u> </u>		<u> </u>	
Shareholders' funds	6		3,093		42,574
Creditors amounts falling due within one year	7		4,471		5,279
			<u> </u>		<u> </u>
Total equity and liabilities			<u>7,564</u>		<u>47,853</u>

The notes on pages 9 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 28 March 2012 and were signed on its behalf by


T Theobald
Director

Company Number: 6265082

Reconciliation of Movements in Shareholders' funds

For the year ended 30 November 2011

	<i>Note</i>	2011 £	2010 £
<i>Profit for the financial year</i>		17,519	19,860
Dividends on shares classified in shareholders' funds		(57,000)	-
		<hr/>	<hr/>
Retained (loss) / profit	6	(39,481)	19,860
		<hr/>	<hr/>
Net (reduction in) / addition to shareholders' funds		(39,481)	19,860
		<hr/>	<hr/>
 Opening shareholders' funds		 42,574	 22,714
		<hr/>	<hr/>
Closing shareholders' funds	6	3,093	42,574
		<hr/>	<hr/>

Notes to 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 group'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

As explained in the Report of the Directors the group has secured a new arrangement with its creditors to provide working capital for the period to March 2014. The working capital facility cannot be used to fund new mortgages, it does however give the group the ability to seek out new strategic opportunities to generate revenue

As part of the new arrangement the company is subject to financial covenants and whilst the directors are confident that the group will operate within the financial covenants during the term of the arrangements, there is still uncertainty in the UK economy which may impact on the group's ability to manage its affairs within the covenants currently in place. The uncertainty over the potential for covenant breach and the impact on capital adequacy as a result of economic conditions indicates the existence of a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business

After consideration of the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would result if the Company and the Group were unable to continue as a going concern

Cash flow

Under FRS 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 a consolidated cash flow statement in the financial statements of the ultimate parent company

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise

Transactions with Related Parties

The company, as a wholly owned subsidiary undertaking of Commercial First Group Limited has taken advantage of an exemption contained in FRS 8 (Related Party Disclosures), in preparing its financial statements. This exemption allows the company not to disclose details of transactions with other group companies or investors of the group qualifying as related parties, as the consolidated financial statements of the Commercial First Group Limited in which the company is included are available by application, to the trading address as in note 9

Notes to the Financial Statements (*continued*)

2 Operating profit on ordinary activities before taxation

Direct costs incurred by the company are charged to the company

Indirect administration costs including audit fees of £3,300 (2010 £3,300) are met by the immediate parent, Commercial First Mortgages Limited

None of the directors received emoluments in their capacity as directors of the company

3 Taxation

Analysis of charge in the year	2011 £	2010 £
<i>UK corporation tax</i>		
Current tax on income for the year	4,471	5,279
	<hr/>	<hr/>
Tax on profit on ordinary activities	4,471	5,279
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK (26.66%). The differences are explained below

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	21,990	25,139
	<hr/>	<hr/>
Current tax at 26.66% (2010 28%)	5,862	7,039
<i>Effects of</i>		
Small company relief	(1,391)	(1,760)
	<hr/>	<hr/>
Total current tax charge (see above)	4,471	5,279
	<hr/>	<hr/>

4 Debtors

	2011 £	2010 £
Amounts owed by group undertakings repayable within one year	7,564	47,853
	<hr/>	<hr/>

Notes to the Financial Statements *(continued)*

5 Called up share capital

	2011	2010
	£	£
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £ 1.00 each	1	1
	<u>1</u>	<u>1</u>

6 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 December 2010	1	42,573	42,574
Retained loss for the year	-	(39,481)	(39,481)
	<u>1</u>	<u>(39,481)</u>	<u>(39,481)</u>
At 30 November 2011	1	3,092	3,093
	<u>1</u>	<u>3,092</u>	<u>3,093</u>

7 Creditors amounts falling due within one year

	2011	2010
	£	£
Group relief payable	4,471	5,279
	<u>4,471</u>	<u>5,279</u>

8 Contingent liabilities

The company has no contingent liabilities as at 30 November 2011 (30 November 2010 nil)

9 Ultimate parent company

The results of the company are consolidated within the financial statements of Commercial First Group Limited, a company incorporated in England. This company is the ultimate parent undertaking. The consolidated financial statements of this company are available by application, from the Company Secretary, Lutea House, Warley Hill Business Park, The Drive, Great Warley, Brentwood, Essex CM13 3BE.