

Company Registration No 06548489 (England and Wales)

ENGAGE CREDIT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



ENGAGE CREDIT LIMITED

COMPANY INFORMATION

Directors	Richard Klemmer James White Gerald McHugh (Appointed 24 February 2012) Laurence Morey
Secretary	Roger Lansdowne
Company number	06548489
Registered office	114a Cromwell Road London SW7 4ES
Auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR

ENGAGE CREDIT LIMITED

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ENGAGE CREDIT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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

Principal activities and review of the business

The principal activity of Engage Credit Limited is to arrange regulated mortgage contracts and to provide administration of regulated mortgage contracts along with related services which are incidental to activities of a mortgage lender or administrator. The company is authorised and regulated by the Financial Services Authority.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Description of principal risks and uncertainties

The directors have identified the risks associated with the company as operational risk, interest rate risk, liquidity risk and credit risk. Each of these risks is discussed in detail below.

Operational risk

Operational risk is defined as the risk of loss to the company resulting from inadequate or failed internal processes, people and systems. Risks arising from operational failure or regulatory breaches are effectively managed through robust and well structured operational and control infrastructure and the experience of the staff.

Interest rate risk

The company is exposed to interest rate risk with regard to holdings in cash. The company is not exposed to interest rate risk in relation to the mortgage loans being serviced. All cash holdings are at variable rates. The company has undrawn bank facilities and intra group borrowings.

Liquidity risk

The company employs continuous cash flow forecasting techniques with a view to managing liquidity risk. The company is not exposed to liquidity risk in relation to the mortgage loans being serviced.

Credit risk

The company has credit terms of 30 days and has determined that the credit risk is minimal in relation to the majority of the debtors. The company is not exposed to credit risk in relation to the mortgage loans being serviced.

Key performance indicators

The key financial highlights are as follows:

	2011 £	2010 £
Turnover	7,144,855	4,736,790
Net profit margin	4.35%	17.93%
Profit before tax	310,551	849,496
Shareholders' funds	1,106,062	880,097

Results and dividends

The results for the year are set out on page 5.

ENGAGE CREDIT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The following directors have held office since 1 January 2011

Richard Klemmer

James White

Gerald McHugh

(Appointed 24 February 2012)

Stephen Hogg

(Resigned 23 September 2011)

Laurence Morey

Auditors

In accordance with the company's articles, a resolution proposing that The Gallagher Partnership LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities

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 judgements and accounting 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Roger Lansdowne

Secretary

27 March 2012

ENGAGE CREDIT LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ENGAGE CREDIT LIMITED

We have audited the financial statements of Engage Credit Limited for the year ended 31 December 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 set out on pages 1 - 2, 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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 December 2011 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

The information given in the directors' report is consistent with the financial statements.

ENGAGE CREDIT LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ENGAGE CREDIT 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



Imtiaz Arif (Senior Statutory Auditor)
for and on behalf of The Gallagher Partnership LLP

Chartered Accountants
Statutory Auditors

3rd April 2012

69/85 Tabernacle Street
London
EC2A 4RR

ENGAGE CREDIT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	7,144,855	4,736,790
Administrative expenses		(6,858,333)	(3,889,544)
Operating profit	3	286,522	847,246
Other interest receivable and similar income	4	24,029	2,250
Profit on ordinary activities before taxation		310,551	849,496
Tax on profit on ordinary activities	5	(84,586)	(240,707)
Profit for the year	9	225,965	608,789

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

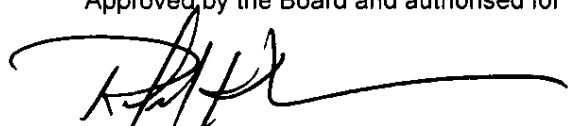
ENGAGE CREDIT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Current assets					
Debtors	6	1,727,945		1,575,222	
Cash at bank and in hand		463,795		466,203	
		<u>2,191,740</u>		<u>2,041,425</u>	
Creditors, amounts falling due within one year	7	<u>(1,085,678)</u>		<u>(1,161,328)</u>	
Total assets less current liabilities			<u>1,106,062</u>		<u>880,097</u>
Capital and reserves					
Called up share capital	8		179,856		179,856
Share premium account	9		44		44
Profit and loss account	9		926,162		700,197
Shareholders' funds	10		<u>1,106,062</u>		<u>880,097</u>

Approved by the Board and authorised for issue on 27 March 2012



Richard Klemmer
Director

Company Registration No. 06548489

ENGAGE CREDIT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	£	2011 £	£	2010 £
Net cash inflow/(outflow) from operating activities		126,915		(72,079)
Returns on investments and servicing of finance				
Interest received	24,029		2,250	
Net cash inflow for returns on investments and servicing of finance		24,029		2,250
Taxation		(153,352)		(119,837)
Net cash outflow before management of liquid resources and financing		(2,408)		(189,666)
Decrease in cash in the year		(2,408)		(189,666)

ENGAGE CREDIT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011	2010
		£	£
	Operating profit	286,522	847,246
	Increase in debtors	(152,723)	(942,557)
	(Decrease)/Increase in creditors within one year	(6,884)	23,232
	Net cash inflow/(outflow) from operating activities	126,915	(72,079)

2	Analysis of net funds	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	466,203	(2,408)	-	463,795
	Bank deposits	-	-	-	-
	Net funds	466,203	(2,408)	-	463,795

3	Reconciliation of net cash flow to movement in net funds	2011	2010
		£	£
	Decrease in cash in the year	(2,408)	(189,666)
	Movement in net funds in the year	(2,408)	(189,666)
	Opening net funds	466,203	655,869
	Closing net funds	463,795	466,203

ENGAGE CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for services net of VAT

1.4 Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide mortgage administration services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax

1.5 Taxation

Corporation tax payable is provided at current rates

Deferred taxation 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

1.6 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

ENGAGE CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Auditors' remuneration		
	Fees payable to the company's auditor for the		
	Audit of the company's annual accounts	5,000	6,000
	Other accountancy services	7,500	7,500
		<u>12,500</u>	<u>13,500</u>
4	Investment income	2011	2010
		£	£
	Bank interest	898	-
	Interest income	23,131	2,250
		<u>24,029</u>	<u>2,250</u>
5	Taxation	2011	2010
		£	£
	Domestic current year tax		
	U K corporation tax	85,093	237,859
	Adjustment for prior years	(507)	2,848
	Total current tax	<u>84,586</u>	<u>240,707</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>310,551</u>	<u>849,496</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	<u>80,743</u>	<u>237,859</u>
	Effects of		
	Adjustments to previous periods	(507)	2,848
	Other tax adjustments	4,350	-
		<u>3,843</u>	<u>2,848</u>
	Current tax charge for the year	<u>84,586</u>	<u>240,707</u>

ENGAGE CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Debtors	2011 £	2010 £
Trade debtors	126,397	955,140
Amounts owed by parent and fellow subsidiary undertakings	979,188	613,975
Other debtors	590	-
Prepayments and accrued income	621,770	6,107
	<u>1,727,945</u>	<u>1,575,222</u>

7 Creditors amounts falling due within one year	2011 £	2010 £
Trade creditors	321,528	899,180
Corporation tax	85,093	153,859
Other taxes and social security costs	106,348	102,289
Accruals and deferred income	572,709	6,000
	<u>1,085,678</u>	<u>1,161,328</u>

8 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
179,856 Ordinary shares of £1 each	<u>179,856</u>	<u>179,856</u>

9 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 January 2011	44	700,197
Profit for the year	-	225,965
	<u>44</u>	<u>926,162</u>
Balance at 31 December 2011		

ENGAGE CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Reconciliation of movements in shareholders' funds	2011 £	2010 £
Profit for the financial year	225,965	608,789
Opening shareholders' funds	880,097	271,308
	<hr/>	<hr/>
Closing shareholders' funds	1,106,062	880,097
	<hr/>	<hr/>

11 Employees

Number of employees

There were no employees during the year

12 Control

The immediate parent company is Engage Credit Holdings Limited, a company registered in England and Wales. Engage Credit Holdings Limited prepares group financial statements and copies can be obtained from 114a Cromwell Road, London, SW7 4ES.

The ultimate parent company is Oakwood Cayman GP Ltd, a company registered in the Cayman Islands.

13 Related party relationships and transactions

During the year the company expensed £6,788,033 (2010 £3,821,765) for services provided by Oakwood Global Finance LLP, a fellow subsidiary entity within the Oakwood Cayman GP Limited group. At the balance sheet date the company had an amount receivable in trade debtors and an amount payable in trade creditors due from/to Oakwood Global Finance LLP of £17,138 (2010 £32,417) and £316,028 (2010 £864,625) respectively.

At the balance sheet date the company had an amount receivable of £10,863 (2010 £10,863) due from Engage Credit Services Limited, a fellow subsidiary company.

During the year the company received £23,131 (2010 £2,250) for interest receivable, at a rate of 3% per annum, on a loan balance to Engage Credit Holdings Limited. At the balance sheet date the company had an amount receivable of £968,326 (2010 £603,113) due from Engage Credit Holdings Limited.