

PP Financial Services Limited

Registration number 7239342

Directors' report  
and audited financial statements  
for the period ended 30 June 2011

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**PP Financial Services Limited**  
**Registration number 7239342**

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**PP Financial Services Limited**  
**Registration number 7239342**

**Directors' report**  
**for the period ended 30 June 2011**

The directors present their report and the audited financial statements of PP Financial Services Limited ('Company') for the period from incorporation on 29 April 2010 to 30 June 2011. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

**Business review and principal activities**

This Company is a wholly owned subsidiary of Peto Place Investments Limited. The ultimate parent company is the registered charity Consumers' Association.

The Company's principal activity is providing a whole-of-market mortgage broking service. The Company began trading in the latter part of 2010 after being granted a licence by the FSA and performance to date has been encouraging, despite limited marketing being undertaken to existing subscribers of Which?

The directors are not aware at the date of this report, of any material changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 6 the Company made a loss on ordinary activities of £842,879, reflecting the start up costs incurred during the period.

The balance sheet on page 7 of the financial statements shows the Company's financial position at the end of the period. Net assets were £457,122.

Which? is the business name of the group including Consumers' Association and PP Financial Services Limited. Which? manages its operations on a group basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the group, which includes the Company, is discussed in the Consumers' Association Annual Report which does not form part of this report.

**Going concern**

After making enquiries, and taking into account the letter of support received from Which? Limited, the directors have a reasonable expectation that the group and 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

**Environment**

Which? recognises the importance of its environmental responsibilities and monitors its impact on the environment. It designs and implements policies to reduce any damage that might be caused by the group's activities. The Company operates in accordance with group policies. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

**Political and charitable contributions**

There were no donations made to political organisations or charities during the period.

**PP Financial Services Limited**

**Registration number 7239342**

**Directors' report (continued)  
for the period ended 30 June 2011**

**Bankers and professional advisers**

PP Financial Services Limited's principal bankers are:

Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW

PP Financial Services Limited's independent auditor and tax advisers are:

Deloitte LLP, 2 New Street Square, London EC4A 3BZ

In addition to legal staff employed within the group, PP Financial Services Limited uses a number of leading firms of solicitors for specialist legal advice

**Directors**

The directors who served during the period and after the period end are as follows:

	Date of appointment	Date of resignation
Peter Vicary-Smith	Apr-10	Jun-10
Christopher Gardner (Chairman)	Apr-10	
Kim Brosnan	Jun-10	
Nick Castro	Jul-11	
Jacques Cadranel	Jul-11	

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP was appointed as auditor in the period

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by



Christopher Gardner

Director

6<sup>th</sup> October 2011

2 Marylebone Road, London

### **Directors' responsibilities statement**

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) 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## **Independent auditor's report to the members of PP Financial Services Limited**

We have audited the financial statements of PP Financial Services Limited for the period ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 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 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 auditor**

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 annual 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 30 June 2011 and of its loss 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 auditor's report to the members of PP Financial 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, 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.

**N. R. Lee-Amies**

Mark Lee-Amies, FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
6<sup>th</sup> October 2011

**PP Financial Services Limited**  
**Registration number 7239342**

**Profit and loss account**  
**for the period ended 30 June 2011**

		Period from incorporation on 29 April 2010 to 30 June 2011
	Note	£
Turnover		10,498
Cost of sales		(338,178)
Gross loss		<u>(327,680)</u>
Administrative expenses		(515,199)
		<u>(515,199)</u>
Operating loss on ordinary activities before taxation	2	<u>(842,879)</u>
Tax on loss on ordinary activities	4	-
Loss on ordinary activities after taxation	9	<u>(842,879)</u>
Loss for the financial period	9	(842,879)
Accumulated loss carried forward at 30 June		<u>(842,879)</u>

There is no difference between the loss for the period on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents

The figures above relate entirely to continuing operations.

There are no recognised gains and losses for the current financial period other than the loss of £842,879 shown above. Therefore no separate statement of total recognised gains or losses has been presented.

The accompanying notes are an integral part of this profit and loss account.



PP Financial Services Limited

Balance sheet as at 30 June 2011

	Note	£	2011 £
Current assets			
Debtors	5	503,553	
Cash at bank and in hand		<u>588,264</u>	
		<u>1,091,817</u>	
Creditors amounts falling due within one year	6	<u>(634,695)</u>	
		<u>(634,695)</u>	
Net current assets			<u>457,122</u>
Total assets less current liabilities			<u>457,122</u>
Capital and reserves			
Called-up share capital	8		1,300,001
Accumulated loss			<u>(842,879)</u>
Shareholder's funds	9		<u>457,122</u>

The financial statements of PP Financial Services Limited (registered number 7239342) were approved by the board of directors and authorised for issue on 6<sup>th</sup> October 2011. They were signed on its behalf by:



Christopher Gardner

Director

## **PP Financial Services Limited**

### **Notes to the financial statements for the period ended 30 June 2011**

#### **1 Principal accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period

##### **Basis of accounting**

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

These financial statements present information about the Company as an individual undertaking and not about its group.

##### **Cash flow statement**

The Company is a wholly-owned subsidiary of Peto Place Investments Limited. The ultimate parent is Consumers' Association and the cash flows of the Company are included in the consolidated group cash flow statement of Consumers' Association. Consequently, the Company is exempt from the requirement to publish a cash flow statement under FRS 1 (Revised 1996)

##### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are recognised within the profit and loss account.

##### **Taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

##### **Turnover**

Turnover is exempt of Value Added Tax. The directors are of the opinion that substantially all of the Company's turnover originates in the United Kingdom and from the same class of business and accordingly no segmental analysis has been presented

Revenue is recognised on the basis of commissions earned following completion of the recommended mortgage

## PP Financial Services Limited

### Notes to the financial statements for the period ended 30 June 2011 (continued)

#### Going concern

The Company's business activities, together with the factors likely to affect its future development performance and position are set out in the Directors' report. The Company is currently dependent on funding from its parent, Peto Place Investments Limited. The group is funded primarily by retained earnings and has significant cash reserves and liquid investments. The group generates the majority of its cash in the form of subscription income. The group does not rely on external funding for day-to-day working capital requirements. Management do not expect that it will be necessary to rely on external sources of debt finance in the foreseeable future.

Although the Company made a loss of £842,879 for the year, the net assets were £457,122. After making enquiries, and taking into account the letter of support received from Which? Limited, the directors are of the opinion that there are sufficient assets to support the losses expected and therefore 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 financial statements of the Company.

#### 2 Operating loss

Period from incorporation on  
29 April 2010 to 30 June 2011  
£

Operating loss is stated after charging

Operating lease rentals.

property rentals

31,427

The auditor's remuneration for the audit of the financial statements of £1,800 has been borne and charged in the accounts of the parent undertaking.

#### 3 Directors and employees

a) The average monthly number of employees during the period ended 30 June 2011 was three.

b) Employee costs (excluding directors) during the period amounted to:

Period from incorporation on  
29 April 2010 to 30 June 2011  
£

Salaries and wages	76,240
Social security costs	7,685
Pension costs (see note 10)	1,030
Total	<u>84,955</u>

c) Directors' remuneration

Period from incorporation on  
29 April 2010 to 30 June 2011  
£

The remuneration of the company's directors was:

Directors' emoluments	<u>15,048</u>
Total	<u>15,048</u>

Emoluments of three directors were paid by Consumers' Association and were recharged to the Company based on estimated time spent.

Notes to the financial statements for the period ended 30 June 2011 (continued)

	Period from incorporation on 29 April 2010 to 30 June 2011
	£

UK corporation tax @ 27.5% -

Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the effective rate of corporation tax in the UK: 27.5%

The differences are explained below:

Loss on ordinary activities before taxation	(842,879)
Tax at 27.5% thereon:	(231,792)

Effects of

Expenses not deductible for tax purposes	6,051
Movement in short term timing differences	132
Losses carried forward	225,609
Tax charge for the period	-

A deferred tax asset of £213,428 relating to losses carried forward and short term timing differences has not been recognised due to uncertainty over future recoverability. The asset would be recognised if sufficient future tax-adjusted profits were to arise against which it could be offset.

5 Debtors	2011
	£
Amount due from group undertakings	500,000
Other debtors	3,553
Total debtors	503,553

6 Creditors: amounts falling due within one year	2011
	£
Trade creditors	44,587
Amount due to group undertakings	553,211
Taxation and social security	10,791
Other creditors	26,106
Total creditors	634,695

## PP Financial Services Limited

### Notes to the financial statements for the period ended 30 June 2011 (continued)

#### 7 Financial commitments

At 30 June 2011 the Company had annual commitments under non-cancellable operating leases as follows

Expiring after two to five years	48,600
Total lease payments	<u>48,600</u>

#### 8 Called-up share capital

2011  
£

Allotted, called-up and fully-paid 1,300,001 ordinary shares of £1 each	1,300,001
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During the period the Company allotted 1,300,001 ordinary shares with a nominal value of £1 to its parent Company, Peto Place Investments Limited. At the year end, cash totalling £800,001 has been received, with an inter-company debtor reflecting the remainder (see note 5).

9 Reserves	Share capital £	Profit and loss account £	Total £
Shares issued	1,300,001	-	1,300,001
Loss for the financial period	-	(842,879)	(842,879)
At 30 June 2011	<u>1,300,001</u>	<u>(842,879)</u>	<u>457,122</u>

#### 10 Staff pensions

Contributions for PP Financial Services Limited employees were paid at the rate of 10.0% per annum of pensionable salaries under the defined contribution section of the scheme.

#### 11 Ultimate parent company and ultimate controlling party

The immediate parent of PP Financial Services Limited is Peto Place Investments Limited, a company registered in England and Wales. The ultimate parent company and ultimate controlling party is Consumers' Association, a company limited by guarantee, incorporated in Great Britain and registered in England and Wales, which is the smallest and largest group into which the Company is consolidated. The results of the company are included in the group accounts of Consumers' Association which are available from the company's registered office at 2 Marylebone Road, London, NW1 4DF.

#### 12 Related party transactions

PP Financial Services Limited has taken advantage of the exemption in FRS 8 not to disclose any transactions or balances with related parties that are wholly-owned subsidiaries of the group, headed by Consumers' Association.