

The Asset Management Corporation Limited

Report and Financial Statements

31 March 2009

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COMPANIES HOUSE

The Asset Management Corporation Limited

Registered No: 1775045

Directors

Z R Kerse (appointed 1 November 2008)

S D Maybury

R J Murray

A N Nelson (resigned 31 October 2008)

Secretary

R J Murray

Registered office

39 Victoria Street

London SW1H 0EU

Directors' report

Results and dividends

The Company profit for the year before taxation was £252,118 (2008 - £nil). The taxation charge for the year was £70,456 (2008 - £nil).

The directors do not recommend the payment of a final dividend (2008 - £nil).

	2009	2008
<i>Financial highlights and key performance indicators</i>	<i>£'000</i>	<i>£'000</i>
Turnover	1,567	—
Gross profit	480	—
Profit before taxation	252	—
Loans and receivables (net of unearned income and impairment charges)	5,553	—
Shareholders' funds	332	150

Principal activities, business review and future developments

The Company's principal activities are the purchase, hire, financing and sale of vehicles and equipment and the provision of related fee-based services. The Company will continue to administer its portfolio of financial assets to improve profitability.

Directors and their interests

The directors of the Company during the year ended 31 March 2009 were those listed on page 2.

The directors have no beneficial interests in the shares of the Company, however, Messrs Maybury, Murray and Nelson have beneficial interests in the shares of the Company's ultimate holding company Private & Commercial Finance Group plc (the "Group") as disclosed in the financial statements of that company.

International Financial Reporting Standards (IFRS)

The results for the year ended 31 March 2009 have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board, as adopted by the EU.

Supplier payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the Company and its suppliers, provided that trading terms have been complied with. At 31 March 2009, the Company had an average of 138 days purchases outstanding in trade payables (2008 - nil days).

Directors' report

Principal risks and uncertainties

Credit risk

The Company is exposed to the risk that customers owing the Company money will not fulfil their obligations. The Company regularly reviews its lending criteria as well as its credit exposure for all customers. However, default risk may arise from events or circumstances which are outside the Company's control, primarily customer under-performance due to factors such as loss of employment, divorce, illness, business failure, adverse economic conditions or fraud.

The successful management of credit risk is central to the Company's business. The majority of the Company's lending is secured and amortised over the life of the assets. The credit risk from concentration is limited due to the relatively low value of each customer's debt and to the Company's large and diverse customer base. In order to ensure that arrears are minimised, emphasis is placed on retaining a well diversified portfolio by prudent underwriting methods and resisting the inclination to increase credit risk in the quest for increased volumes of new business.

The counterparties to the Company's financial liabilities are major international financial institutions. Credit risk represents the loss that would be recognised at the reporting date if counterparties failed to perform completely as contracted. It is the Company's policy to monitor the financial standing of these counterparties on an on-going basis and to limit the exposure to any individual counterparty.

Inadequate security

The Company is exposed to the risk that the security upon which its advances are made may reduce in value, so that the Company may not recover some or all of its advances in the event of a customer default. This risk is mitigated by (i) maintaining a diverse portfolio of customers, (ii) spreading risk across a variety of assets and sectors and (iii) forming detailed assessments on both the value of the security and the customer's ability to service the debt at the time the loan advance is made, and during the period of the loan. Specialist third party asset and vehicle valuations are obtained where considered necessary.

Treasury risk

The Company is exposed to the liquidity and interest rate risk arising from the requirement to fund its operations. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Company funds itself through bi-lateral facilities with major UK and international banks with original maturities of up to three years. The Company has minimal risk to income from changes in market interest rates. All loans and receivables are fixed over the term of the contract. Facilities provided by banks are at fixed and floating rates, and interest rate swaps are used, where appropriate, to reduce interest rate fluctuations. It is and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The Company does not operate in, nor have exposure to, currencies other than pounds sterling.

Capital risk

The Company's objective is to maintain a strong shareholders' equity base to support current operations and planned growth in line with relevant forecasts. The Company is not subject to external regulatory capital requirements.

Directors' report

Principal risks and uncertainties (continued)

Financial risk management

The Company's financial instruments include bank borrowings and overdraft facilities. The main purpose of these financial instruments is to raise finance to fund the Company's principal activities. Continued, sustainable growth is dependant on the Company seeking further debt facilities or increases to those already in place. The Company continues to operate within an industry-wide scarcity of funding and Company borrowings are not expected to increase significantly in the next year.

The main risks arising from the Company's financial instruments are detailed in the notes to the Financial Statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Company Financial Statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union.

The directors are required to prepare Financial Statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state that the Company have complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements.

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.

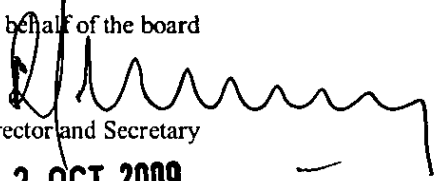
Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming Annual General Meeting, in accordance with section 385 of the Companies Act 1985.

On behalf of the board



Director and Secretary

12 OCT 2009

Independent auditors' report

to the members of The Asset Management Corporation Limited

We have audited the Company Financial Statements of The Asset Management Corporation Limited for the year ended 31 March 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. 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 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

The directors' responsibilities for preparing the Annual Report and the Company Financial Statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Company 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 Company Financial Statements give a true and fair view and whether the Company Financial Statements have been 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 Company Financial Statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, or 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 are not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Company Financial Statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Company Financial Statements. Our responsibilities do not extend to any other information.

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 Company Financial Statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Company 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 Company 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 Company Financial Statements.

Independent auditors' report

to the members of The Asset Management Corporation Limited (continued)

Opinion

In our opinion:

- the Company Financial Statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the Company Financial Statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 March 2009;
- the Company 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 Company Financial Statements.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Ernst & Young LLP
Registered Auditor
London

12 OCT 2009

Income statement

for the year ended 31 March 2009

		2009	2008
	Note	£'000	£'000
Company turnover	2	1,567	—
Cost of sales	3	(1,087)	—
		<hr/>	<hr/>
Gross profit		480	—
Administration expenses		(112)	—
		<hr/>	<hr/>
Operating profit		368	—
Interest payable	4	(116)	—
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	252	—
Income tax expense	6	(70)	—
		<hr/>	<hr/>
Profit on ordinary activities after taxation		182	—
		<hr/>	<hr/>
Profit for the year attributable to equity holders	13	182	—
		<hr/>	<hr/>

Statement of recognised gains and losses

for the year ended 31 March 2009

	2009 £'000	2008 £'000
<i>Profit for the year</i>	182	—
<i>Total recognised income and expense for the year attributable to equity holders</i>	182	—

Balance sheet

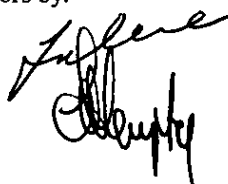
at 31 March 2009

	Note	2009 £'000	2008 £'000
Assets - Non-current assets			
Loans and receivables	7	4,015	—
		<u>4,015</u>	<u>—</u>
Current assets			
Amount due from Group companies	16	774	150
Loans and receivables	7	1,538	—
Trade and other receivables	8	99	—
		<u>2,411</u>	<u>150</u>
Total assets		<u>6,426</u>	<u>150</u>
Liabilities - Current liabilities			
Interest-bearing loans and borrowings	10	1,325	—
Amount due to Group companies	16	1,735	—
Trade and other payables	9	28	—
Bank overdrafts	10	76	—
		<u>3,164</u>	<u>—</u>
Non-current liabilities			
Interest-bearing loans and borrowings	10	2,863	—
Deferred tax	14	67	—
		<u>2,930</u>	<u>—</u>
Total liabilities		<u>6,094</u>	<u>—</u>
Net assets		<u>332</u>	<u>150</u>
Capital and reserves			
Called-up share capital	11	150	150
Profit and loss account	12	182	—
Equity shareholders' funds	13	<u>332</u>	<u>150</u>

Signed on behalf of the Board of Directors by:

Director

Director



12 OCT 2009

Cash flow statement

for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Profit before taxation		252	—
Adjustments for:			
Increase in loans and other receivables		(5,553)	—
Increase in trade and other receivables		(98)	—
Increase in trade and other payables		28	—
Cash outflow from operating activities		(5,371)	—
Tax paid		—	—
Net cash outflow from operating activities		(5,371)	—
Cash flows from financing activities			
Proceeds from borrowings		5,295	—
Net cash inflow from financing activities		5,295	—
Net decrease in cash and cash equivalents		(76)	—
Cash and cash equivalents at beginning of the year		—	—
Cash and cash equivalents at end of the year		(76)	—
Bank overdrafts	10	(76)	—
		(76)	—
The amount of interest paid and received during the year is as follows:			
Interest paid	4	116	—

Notes to the Financial Statements

1. Accounting policies

The Asset Management Corporation Limited ('the Company') is a company domiciled in the United Kingdom.

The principal activity of the Company is the provision of finance for vehicles, plant and equipment for consumers and businesses.

Basis of preparation

The Financial Statements are prepared under the historical cost convention, modified to include the mark to market valuation of derivatives and in accordance with applicable accounting standards. The Financial Statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

Statement of compliance

These Financial Statements have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board ('IASB').

Significant accounting judgments, estimates and assumptions

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS which have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment within the next financial year are provided below.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of the unrecognised deferred tax asset at 31 March 2009 was £nil (2008 - £nil).

Loan loss provisioning

The Company reviews its loans and receivables on an on-going basis to assess the level of impairment. Future cash flows are estimated on the basis of the contractual cash flows of the assets and historical loss experience. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions, which did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period which do not exist currently.

Notes to the Financial Statements

1. Accounting policies (continued)

Summary of significant accounting policies

Borrowing costs

Borrowing costs are recognised as an expense when incurred in accordance with the effective interest rate method.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount.

Financial assets

The Company classifies its financial assets as either loans and receivables or derivative financial instruments used for hedging. In accordance with IAS 17 'Leases', leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases and all other leases are treated as finance leases within loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

Conditional sale agreements, hire purchase contracts and finance leases are initially recognised at the lower of fair value of the leased asset or the present value of the minimum lease payments. These assets are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Other loans and receivables, including personal loans, are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

The Company has not held any financial assets at fair value through profit or loss, held to maturity or available for sale during the year.

Notes to the Financial Statements

1. Accounting policies (continued)

Impairment of financial assets

The Company assesses, on an ongoing basis, whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a loan loss provision. The amount of the loss is recognised in the income statement as loan loss provisioning charge.

The Company first assesses whether objective evidence of impairment exists individually for financial assets which are individually significant and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Future cash flows for a group of loan assets that are collectively evaluated for impairment are estimated on the basis of contractual cash flows and historical loss experience for assets with similar credit characteristics.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and at hand and short term deposits with an original maturity of three months or less.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortisation process.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the asset have expired or where the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

1. Accounting policies (continued)

Operating leases

Group as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following criteria must also be met:

Interest income

Interest income is recognised in the income statement for all financial assets measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the contractual life, or expected life, if shorter, of the financial asset to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, such as early settlement options, but does not include an expectation for future credit losses. The calculation includes all fees charged to customers, such as acceptance or similar fees, and direct and incremental transactions costs, such as broker commissions.

Amounts due under instalment credit contracts and finance leases are recorded as receivables at the amount of the Company's net investment in the contract. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment, before tax, outstanding in respect of the contract.

Insurance commission

Commission received from third party insurers for all insurance broking business, for which the Company does not bear any underlying insurance risk, is credited to the income statement at inception of the policies.

Other income

Other income includes fees and commissions charged to customers and third parties for the collection of debts and fees charged for other services, which are credited to the income statement when the service has been provided.

Notes to the Financial Statements

1. Accounting policies (continued)

Taxes

Current tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted, or substantially enacted, by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred tax is determined using tax rates and laws which have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT except in the case of overdue loans and receivables, other receivables and other payables which are shown inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements

1. Accounting policies (continued)

Future changes in accounting policies

The following accounting standards, amendments and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee are effective for the Company's accounting periods beginning on or after 1 April 2009:

- IFRS 2 (amendment), 'Share-based payment'
- IFRS 3 (revised), 'Business combinations'
- IFRS 5 (amendment), 'Non-current assets held-for-sale and discontinued operations'
- IFRS 7 (amendment), 'Financial instruments: disclosure'
- IFRS 8, 'Operating segments'
- IAS 1 (revised), 'Presentation of financial statements'
- IAS 16 (amendment), 'Property, plant and equipment'
- IAS 23 (revised), 'Borrowing costs'
- IAS 27 (revised), 'Consolidated and separate financial statements'
- IAS 29 (amendment), 'Financial reporting in hyperinflationary economies'
- IAS 32 (amendment), 'Financial instruments: presentation'
- IAS 39 (amendment), 'Financial instruments: recognition and measurement'
- IFRIC 12, 'Service concession arrangements'
- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for construction of real estates'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IFRIC 17, 'Distribution of non-cash assets to owners'
- IFRIC 18, 'Transfers of assets from customers'

Adoption of these standards and interpretations is not expected to have a material impact on the Company's Financial Statements.

2. Turnover and segmental analysis

Turnover represents gross rental and instalment credit income receivable, the hire, financing and sale of equipment, and the provision of related fee based services, stated net of value added tax. The Company operates within the United Kingdom market only.

Notes to the Financial Statements

3. Cost of sales

Cost of sales represents the amortisation of finance leases and instalment credit contracts (the difference between gross rental and income recognised, in accordance with note 1), and the depreciation of operating lease assets.

4. Interest payable

	2009 £'000	2008 £'000
Interest-bearing loans and borrowings and bank overdrafts	(116)	–

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after crediting/(charging):

(a) Finance revenue

	2009 £'000	2008 £'000
Net income from finance leases	475	–

(b) Other revenue and expenses

	2009 £'000	2008 £'000
Included in administrative expenses: Loan loss provisioning charge	(60)	–

(c) Directors' emoluments and staff costs

Salaries and fees for directors and staff for the Group were borne by the ultimate parent company in the year and recharged accordingly through administrative expenses.

6. Taxation

(a) Analysis of tax charge in the year

	2009 £'000	2008 £'000
<i>Current tax:</i>		
UK Corporation Tax on profit of the year	(3)	–
Adjustments in respect of prior periods	–	–
	(3)	–
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(67)	–
Adjustments in respect of prior years	–	–
	(70)	–

Notes to the Financial Statements

6. Taxation (continued)

(b) Factors affecting the tax charge for the year

Deferred tax has been recognised at 28% following the enactment of the reduction in the rate of corporation tax which is effective from 1 April 2008.

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	252	—
Profit on ordinary activities multiplied by the standard rate of Corporation Tax of 28% (2008 - 30%)	(70)	—
Effects of:		
Expenses not deductible for taxation purposes	—	—
Adjustments in respect of prior years	—	—
Total tax charge for the year	(70)	—

7. Loans and receivables

Maximum exposure and maturity

	2009 £'000	2008 £'000
Maturity profile:		
Within one year	2,463	—
One to five years	5,098	—
Gross loans and receivables	7,561	—
Unearned future finance income	(2,005)	—
Loan loss provision	(3)	—
	5,553	—
Comprising:		
Current assets	1,538	—
Non-current assets	4,015	—
	5,553	—

For terms relating to financial assets, loans and receivables refer to note 15.

Notes to the Financial Statements

7. Loans and receivables (continued)

Credit quality

	2009 £'000	2008 £'000
Neither past due nor impaired	6,779	—
Past due but not impaired	429	—
- one day up to one month	156	—
- one month to two months	197	—
Impaired	—	—
Gross loans and receivables	7,561	—

The credit risk inherent in loans and receivables is reviewed under impairment policies as detailed in note 1. Under this review, the credit quality of assets which are neither past due nor impaired were considered good, with no issues noted. The Company agreed extended repayment terms with its customers in respect of gross loan and receivables which would otherwise be past due or impaired totalling £39,589 - gross as at 31 March 2009 (2008 - £nil - gross).

Loan loss provision

	2009 £'000
At 1 April 2008	—
Utilised	(57)
Additional provisions created	60
At 31 March 2009	3
	2008 £'000
At 1 April 2007	—
Utilised	—
Additional provisions created	—
At 31 March 2008	—

Collateral

	2009 £'000	2008 £'000
Finance leases of equipment, plant and vehicles	7,561	—
Gross loans and receivables	7,561	—

An estimate of the fair value of collateral on past due or impaired loans and receivables is not disclosed as it would be impractical to do so.

Notes to the Financial Statements

8. Trade and other receivables

	2009 £'000	2008 £'000
Other receivables	99	—

Trade and other receivables are non-interest bearing and are generally on terms of up to 30 days.

9. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	1	—
Other payables	16	—
Accruals	11	—
	28	—

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

10. Interest bearing loans and borrowings

	2009 £'000	2008 £'000
Current		
Secured bank borrowings	1,325	—
	1,325	—
Non-current		
Secured bank borrowings	2,863	—
	2,863	—
Total interest bearing loans and borrowings	4,188	—

Bank overdrafts

The bank overdrafts have effective interest rates of base rate plus a margin and are secured by a debenture. These facilities are repayable on demand.

Notes to the Financial Statements

10. Interest bearing loans and borrowings (continued)

Interest bearing loans and borrowings

£6.0 million block discounting facility

The Group agreed this new facility during the year. It has an effective fixed interest rate of 7.0% and maturity dates of up to four years. The facility is secured by a charge over the loans and receivables of the group company to which it applies.

	2009 £'000	2008 £'000
Maturity of financial liabilities:		
In one year or less or on demand	1,325	—
In more than one year but not more than two years	1,397	—
In more than two years but not more than five years	1,466	—
In more than five years	—	—
	<u>4,188</u>	<u>—</u>
	2009 £'000	2008 £'000
Undrawn committed borrowing facilities:		
Expiring in one year or less	—	—
Expiring in more than one year but not more than two years	—	—
Expiring in more than two years but not more than five years	1,781	—
	<u>1,781</u>	<u>—</u>

11. Share capital

	Number	£'000
Authorised ordinary shares		
At 1 April 2007, 1 April 2008 and 31 March 2009 – £1 each	500,000	500
Allotted and fully paid ordinary shares		
At 1 April 2007, 1 April 2008 and 31 March 2009 – £1 each	150,000	150

Notes to the Financial Statements

12. Reconciliation of changes in reserves

	<i>Profit and loss account £'000</i>
At 1 April 2007	—
Fair value losses on cash flow hedges net of tax	—
Transfer to net profit	—
Net losses recognised directly in equity	—
Profit for the year	—
Total recognised income and expense for the year	—
At 31 March 2008	—
Fair value losses on cash flow hedges net of tax	—
Transfer to net profit	—
Net losses recognised directly in equity	—
Profit for the year	182
Total recognised income and expense for the year	182
At 31 March 2009	182

13. Reconciliation of movement in shareholders' funds

	<i>2009 £'000</i>	<i>2008 £'000</i>
Profit for the year	182	—
Net addition to shareholders' funds	182	—
Opening shareholders' funds	150	150
Closing shareholders' funds	332	150

14. Deferred tax liability

	<i>2009 £'000</i>	<i>2008 £'000</i>
Accelerated capital allowances	(67)	—
Deferred tax (liability)/asset at start of year	—	—
Recognised in income	(67)	—
Deferred tax (liability)/asset at end of year	(67)	—

Notes to the Financial Statements

15. Financial instruments

The Company's principal financial instruments are financial assets comprising loans and receivables and financial liabilities recorded at amortised cost comprising overdrafts and interest bearing loans and borrowings. The Company also enters into derivative financial instruments used for hedging, principally interest rate swaps. A description of the principal risks, as well as details on how the Company manages these risks is contained in the Directors' Report, in the section entitled 'Principal risks and uncertainties'.

Liquidity and interest rate risks

The Company's policy on funding capacity is to ensure there is always sufficient long-term funding in place. The Company endeavours to have committed borrowing facilities in place in excess of its forecast gross borrowing requirements for the next six months. At 31 March 2009, the Company's principal committed borrowing facilities totalled £6.0 million (2008 - £nil) of which 30% (2008 - nil%) were undrawn.

The Company borrows at both fixed interest rates. At 31 March 2009, the proportion of the Company's borrowings at fixed rates was 100% (2008 - nil%), fixed for an average period of 1.5 years (2008 - nil).

The following tables set out the contractual maturities of the Company's financial instruments:

Year ended 31 March 2009

<i>Fixed rate</i>	<i>Within 1 year £'000</i>	<i>1-2 years £'000</i>	<i>2-3 years £'000</i>	<i>3-4 years £'000</i>	<i>4-5 years £'000</i>	<i>More than 5 years £'000</i>	<i>Total £'000</i>
Loans and receivables							
- gross	2,463	2,304	1,612	788	393	1	7,561
Trade and other receivables	99	—	—	—	—	—	99
Trade and other payables	(28)	—	—	—	—	—	(28)
Interest bearing loans and borrowings	(1,700)	(1,700)	(1,699)	—	—	—	(5,099)
 <i>Floating rate</i>	 <i>Within 1 year £'000</i>	 <i>1-2 years £'000</i>	 <i>2-3 years £'000</i>	 <i>3-4 years £'000</i>	 <i>4-5 years £'000</i>	 <i>More than 5 years £'000</i>	 <i>Total £'000</i>
Bank overdraft	(76)	—	—	—	—	—	(76)

The financial instruments are shown gross to reflect capital and interest. The amounts shown therefore are not the carrying amounts as included on the company balance sheet.

Interest on financial instruments classified as floating rate are repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Notes to the Financial Statements

15. Financial instruments (continued)

Fair values of financial instruments

The following table sets out a comparison by category of carrying amounts and fair values of financial instruments that are carried in the Financial Statements.

	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>Financial assets</i>				
Loans and receivables - net	5.6	7.3	—	—
<i>Financial liabilities</i>				
Interest bearing loans and borrowings after more than one year	(2.9)	(2.9)	—	—

Fair values are calculated by discounting cash flows at prevailing interest rates for equivalent debt instruments or calculated by using the market interest rates for other financial assets or liabilities. The carrying value of all the other Company financial instruments is regarded as a reasonable approximation of the fair value.

Sensitivity analysis

An increase in LIBOR by one half of one percentage point for the whole financial year would have had no impact on profit for the year (2008 - £nil) and no impact on equity (2008 - £nil).

Effective interest rates

The following profile of the Company's financial assets and liabilities is stated after taking into account the effects of interest rate swaps discussed above.

	<i>2009</i>	<i>2008</i>
	<i>%</i>	<i>%</i>
<i>Weighted average EIR</i>		
Loans and receivables	18.3	—
Interest bearing loans and borrowings	7.0	—

Interest on floating rate borrowing is determined by the relevant margin over LIBOR for each facility.

Notes to the Financial Statements

16. Related parties

There are the following outstanding balances with other Group companies:

	2009	2008
<i>Group companies</i>	<i>£000</i>	<i>£000</i>
Amount due from other Group companies	774	150
Amount due to other Group companies	(1,735)	—
	<u>(961)</u>	<u>150</u>

These balances are unsecured and repayable on demand. There were no other material related party transactions.

The Company's immediate parent company is PCF Group Holdings Limited and its ultimate parent company is Private & Commercial Finance Group plc, a company incorporated in England and Wales. Private & Commercial Finance Group plc is both the smallest and largest group of which the Company is a member and for which group financial statements are prepared. Group financial statements are available from its registered office: 39 Victoria Street, London SW1H 0EU.