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The Asset Management Corporation Limited

Report and Financial statements

31 March 2010

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Registered No 1775045

Directors
Z R Kerse
S D Maybury
R J Murray

Secretary
R J Murray

Registered Office
39 Victoria Street
London SW1H 0EU

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Directors' report

Results and dividends

The Company profit for the year before taxation was £404,682 (2009 – £252,118) The taxation charge for the year was £113,811 (2009 – £70,596)

The directors do not recommend the payment of a final dividend (2009 – £nil)

Financial highlights and key performance indicators	*2010* *£000*	*2009* *£000*
Turnover	3,717	1,567
Gross profit	1,471	480
Profit before taxation	405	252
Loans and receivables (net of unearned income and impairment charges)	6,406	5,553
Shareholders' funds	623	332

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 2010 were those listed on page 2

The directors have no beneficial interests in the shares of the Company, however, Messrs Maybury and Murray 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 2010 have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board, as adopted by the European Union

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 2010, the Company had an average of 57 days purchases outstanding in trade payables (2009 – 138 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 which are outside the Company's control, primarily customer under-performance due to factors such as loss of employment, family circumstances, 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 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 management

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 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 management

The Company's objective is to maintain a strong capital base to support current operations and planned growth in line with relevant budgets Capital base for these purposes comprises equity shareholder funds The Company is not subject to external regulatory capital requirements

Directors' report

Principal risks and uncertainties (continued)

Funding

The Company's financial instruments include 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 dependent 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 Annual Report and the Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the Company financial statements unless they are satisfied they present fairly the financial position, 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 in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' 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 in IFRSs 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 has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

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 Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation 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

Directors' report

Re-appointment of auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting

On behalf of the board

Director and Secretary
ROBERT MURRAY

19. November 2010

ERNST & YOUNG

Independent auditors' report

to the members of The Asset Management Corporation Limited

We have audited the financial statements of The Asset Management Corporation Limited for the year ended 31 March 2010 which comprise the Balance Sheet, Income Statement and Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 Statement of directors' responsibilities set out on page 4, 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 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

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 March 2010 and of the Company's profit for the year then ended,
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- the financial statements 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

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

Ernst & Young LLP

Javier Faiz (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 NOVEMBER 2010

Income statement

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Company turnover	2	3,717	1,567
Cost of sales	3	(2,246)	(1,087)
Gross profit		1,471	480
Administration expenses		(783)	(112)
Operating profit		688	368
Interest payable	4	(283)	(116)
Profit on ordinary activities before taxation	5	405	252
Income tax expense	6	(114)	(70)
Profit on ordinary activities after taxation		291	182
Profit for the year attributable to equity holders		291	182

Statement of comprehensive income

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Profit for the year		291	182
Total comprehensive income for the year		291	182

Balance sheet

at 31 March 2010

	Note	2010 £000	2009 £000
Assets – non-current assets			
Loans and receivables	7	3,713	4,015
Deferred tax	13	58	–
		3,771	4,015
Current assets			
Amount due from group companies	15	890	774
Loans and receivables	7	2,693	1,538
Trade and other receivables	8	6	99
Cash and cash equivalents		24	–
		3,613	2,411
Total assets		7,384	6,426
Liabilities – current liabilities			
Interest-bearing loans and borrowings	10	1,946	1,325
Amount due to group companies	15	2,345	1,735
Trade and other payables	9	44	28
Corporation tax		232	–
Bank overdrafts	10	–	76
		4,567	3,164
Non-current liabilities			
Interest-bearing loans and borrowings	10	2,194	2,863
Deferred tax	13	–	67
		2,194	2,930
Total liabilities		6,761	6,094
Net assets		623	332
Capital and reserves			
Called-up share capital	11	150	150
Profit and loss account	12	473	182
Equity shareholders' funds		623	332

Signed on behalf of the Board of Directors by

Director R Kerse

Director S D MAYBURY

19 November 2010

Statement of changes in equity

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Total comprehensive income for the year		291	150
Net addition to shareholders' funds		291	150
Opening shareholders' funds		332	182
Closing shareholders' funds		623	332

Statement of cash flows

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit before taxation		405	252
Adjustments for			
Increase in loans and other receivables		(854)	(5,553)
Decrease/(increase) in trade and other receivables		92	(98)
Increase in trade and other payables		17	28
Cash flows used in operating activities		(340)	(5,371)
Tax paid		–	–
Net cash flows used in operating activities		(340)	(5,371)
Cash flows from financing activities			
Proceeds from borrowings		440	5,295
Net cash flows from financing activities		440	5,295
Net increase/(decrease) in cash and cash equivalents		100	(76)
Cash and cash equivalents at beginning of the year		(76)	–
Cash and cash equivalents at end of the year		24	(76)
Cash at bank		24	–
Bank overdrafts	10	–	(76)
		24	(76)
The amount of interest paid during the year is as follows:			
Interest paid	4	283	116

Notes to the financial statements

at 31 March 2010

1. Accounting policies

General information

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

Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Company has adopted all standards, amendments and interpretations which became effective during the year The adoption of these standards, amendments and interpretations did not have any effect on the financial position or performance of the Company but have resulted in additional disclosures

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 judgments, 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

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

at 31 March 2010

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 Company's 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 and a previously recognised impairment is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years

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

at 31 March 2010

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

at 31 March 2010

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

at 31 March 2010

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

at 31 March 2010

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 Group s accounting periods beginning on or after 1 April 2010

	Effective from
• IFRS 1 (amendment), 'First-time adoption of International Financial Reporting Standards'	1 January 2010
• IFRS 2 (amendment), 'Share-based payment'	1 January 2010
• IFRS 3 (revised), 'Business combinations'	1 July 2009
• IFRS 9 'Financial instruments'	1 January 2013
• IAS 24 (amendment), 'Related party disclosures'	1 January 2011
• IAS 27 (revised), 'Consolidated and separate financial statements'	1 July 2009
• IAS 32 (amendment), 'Financial instruments presentation'	1 February 2010
• IAS 39 (amendment), 'Financial instruments recognition and measurement'	1 July 2009
• IFRIC 14 'The limit on a defined benefit asset, minimum funding requirements and their interaction'	1 January 2010
• IFRIC 17 'Distributions of non-cash assets to owners'	1 July 2009
• IFRIC 18 'Transfers of assets from customers'	1 July 2009
• IFRIC 19 'Extinguishing financial liabilities with equity instruments'	1 January 2010

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

Notes to the financial statements

at 31 March 2010

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

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

	2010	*2009*
	£000	*£000*
Interest-bearing loans and borrowings and bank overdrafts	(283)	(116)

5. Profit on ordinary activities before taxation

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

(a) Finance revenue

	2010	*2009*
	£000	*£000*
Net income from finance leases	1,438	473
Insurance commission and other income	33	7
Gross profit	1,471	480

(b) Other revenue and expenses

	2010	*2009*
	£000	*£000*
Included in administrative expenses		
Loan loss provisioning charge	(444)	(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

	2010	*2009*
	£000	*£000*
Current tax		
UK corporation tax on profit of the year	(243)	(3)
Adjustments in respect of prior periods	4	–
	(239)	(3)

Notes to the financial statements

at 31 March 2010

6. Taxation (continued)

	2010 £000	2009 £000
Deferred tax		
Origination and reversal of temporary differences	129	(67)
Adjustments in respect of prior years	(4)	–
	125	(67)
Total tax charge for the year	(114)	(70)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is equal to the standard rate for current corporation tax in the UK of 28% (2009 – 28%) Deferred tax has been recognised at 28% Legislation was enacted in July 2010 to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011 It is also intended to reduce the rate further by 1% per annum falling to 24% with effect from 1 April 2014 In addition it was also announced that the rates of capital allowances are to be reduced from 1 April 2012

	2010 £000	2009 £000
Profit on ordinary activities before tax	405	252
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	(114)	(70)
Total tax charge for the year	(114)	(70)

7. Loans and receivables

Maximum exposure and maturity

	2010 £000	2009 £000
Maturity profile		
Within one year	3,825	2,463
One to five years	4,355	5,098
Gross loans and receivables	8,180	7,561
Unearned future finance income	(1,423)	(2,005)
Loan loss provision	(351)	(3)
	6,406	5,553
Comprising		
Current assets	2,693	1,538
Non-current assets	3,713	4,015
	6,406	5,553

For terms relating to financial assets loans and receivables refer to note 14

Notes to the financial statements

at 31 March 2010

7. Loans and receivables (continued)

Credit quality

	2010 £000	2009 £000
Neither past due nor impaired	6,625	6,779
Past due but not impaired – one day up to one month	274	429
– one month to two months	148	156
Impaired	1,133	197
Gross loans and receivables	8,180	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 The carrying amount of gross loans and receivables whose terms have been renegotiated which would otherwise be past due or impaired is £25,132 at 31 March 2010 (2009 – £39,589)

Loan loss provision

	2010 £000
At 1 April 2009	3
Utilised	(96)
Additional provisions created	444
At 31 March 2010	351

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

Collateral

	2010 £000	2009 £000
Finance leases of equipment, plant and vehicles	8,180	7,561
Gross loans and receivables	8,180	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

at 31 March 2010

8. Trade and other receivables

	2010 £000	2009 £000
Other receivables	6	99

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

9. Trade and other payables

	2010 £000	2009 £000
Trade payables	22	1
Other payables	20	16
Accruals	2	11
	44	28

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

10. Interest-bearing loans and borrowings

	2010 £000	2009 £000
Current		
Secured bank borrowings	1,946	1,325
	1,946	1,325
Non-current		
Secured bank borrowings	2,194	2,863
	2,194	2,863
Total interest-bearing loans and borrowings	4,140	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

at 31 March 2010

10. Interest bearing loans and borrowings (continued)

Interest bearing loans and borrowings

£6 0 million block discounting facility

These loans have effective fixed interest rates 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 The loan is supported by the guarantee of the ultimate parent company

	2010	*2009*
	£000	*£000*
Maturity of financial liabilities		
In one year or less or on demand	1,946	1,325
In more than one year but not more than two years	1,906	1,397
In more than two years but not more than five years	288	1,466
In more than five years	–	–
	4,140	4,188
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	1,842	1,781
	1,842	1,781

Principal covenants

The Company must comply with principal lending covenants in respect of the ratio of borrowings to net receivables At 31 March 2010 and throughout both the accounting periods, none of these covenants had been breached

11. Share capital

	Number	*£000*
Authorised ordinary shares		
At 1 April 2008, 1 April 2009 and 31 March 2010 – £1 each	500,000	500
Allotted and fully paid ordinary shares		
At 1 April 2008, 1 April 2009 and 31 March 2010 – £1 each	150,000	150

Notes to the financial statements

at 31 March 2010

12. Reconciliation of changes in reserves

	Profit and loss account £000
At 1 April 2008	–
Profit for the year	182
Total recognised income and expense for the year	182
At 1 April 2009	182
Profit for the year	291
Total recognised income and expense for the year	291
At 31 March 2010	473

13. Deferred tax asset

	2010 £000	*2009 £000*
Decelerated/(accelerated) capital allowances	58	(67)
Deferred tax liability at the start of the year	(67)	–
Recognised in income	125	(67)
Deferred tax asset/(liability) at the end of the year	58	(67)

Notes to the financial statements

at 31 March 2010

14. 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 2010, the Company's principal committed borrowing facilities totalled £6 0 million (2009 – £6 0 million) of which 31% (2009 – 30%) were undrawn

The Company borrows at both fixed interest rates At 31 March 2010, the proportion of the Company's borrowings at fixed rates was 100% (2009 – 100%), fixed for an average period of 1 1 years (2009 – 1 5 years)

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 (2009 – £nil) and no impact on equity (2009 – £nil)

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

Year ended 31 March 2010

Fixed rate	*Within 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*More than 5 years £000*	*Total £000*
Loans and receivables – gross	3,825	2,440	1,287	582	46	–	8,180
Trade and other receivables	6	–	–	–	–	–	6
Cash and cash equivalents	24	–	–	–	–	–	24
Trade and other payables	(44)	–	–	–	–	–	(44)
Interest bearing loans and borrowings	(1 670)	(1 669)	(1 669)	–	–	–	(5 008)

Notes to the financial statements

at 31 March 2010

14. Financial instruments (continued)

Liquidity and interest rate risks (continued)

Year ended 31 March 2009

Fixed rate	*Within 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*More than 5 years £000*	*Total £000*
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)

Floating rate	*Within 1 year £000*	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*More than 5 years £000*	*Total £000*
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

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

	Book value 2010 £m	*Fair value 2010 £m*	*Book value 2009 £m*	*Fair value 2009 £m*
Financial assets				
Loans and receivables - net	6 4	7 3	5 6	7 3
Financial liabilities				
Interest bearing loans and borrowings after more than one year	(2 2)	(2 3)	(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

Notes to the financial statements

at 31 March 2010

14. Financial instruments (continued)

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

Weighted average EIR	*2010* %	*2009* %
Loans and receivables	19 4	18 3
Interest-bearing loans and borrowings	6 8	7 0

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

15. Related parties

There are the following outstanding balances with other group companies

Group companies	*2010* £000	*2009* £000
Amount due from other group companies	890	774
Amount due to other group companies	(2,345)	(1,735)
	(1,455)	(961)

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