

**REGISTERED NUMBER: 3156922 (England and Wales)**

**HOME OF CHOICE LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2007**

**TUESDAY**



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**COMPANIES HOUSE**

**HOME OF CHOICE LIMITED**  
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**FOR THE YEAR ENDED 31ST MARCH 2007**

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**HOME OF CHOICE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

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**DIRECTORS:**

Mr K R Baldwin  
Mr R Coulson  
Mrs S J Hall  
Mr G A O'Brien  
Mr H J Wallis

**SECRETARY:**

Mr M D Davies

**REGISTERED OFFICE:**

25 Harley Street  
LONDON  
W1G 9BR

**REGISTERED NUMBER:**

3156922 (England and Wales)

**AUDITORS:**

Morris Owen  
Registered Auditors  
43-45 Devizes Road  
SWINDON  
Wiltshire  
SN1 4BG

**BANKERS:**

Bank of Scotland  
PO Box 17235  
EDINBURGH  
EH11 1YH

**HOME OF CHOICE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

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The directors present their report with the financial statements of the company for the year ended 31st March 2007

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of running a mortgage network

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

Throughout the review period the group has achieved its business objectives of increasing its turnover significantly, continuing ongoing recruitment of quality advisers and improving on its achievable margins. These are also the key performance indicators which the Board regularly review in order to control the business in an efficient and effective way. Expenses are also carefully monitored and a policy of prudent cost control is consistently adopted.

Turnover for the year rose to £27million with a margin of 12%, which has been consistently improving throughout the year.

The directors are aware that the principal risks facing the business are the continued recruitment of high quality advisers, together with the requirements of TCF and compliance with other regulatory matters, however effective, efficient and robust business systems and processes are in place to ensure that these risks are minimised.

The board expects significant growth throughout the coming year as business plan objectives and forecasts are continually achieved.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2007

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2006 to the date of this report

Mr K R Baldwin  
Mr R Coulson  
Mrs S J Hall  
Mr G A O'Brien  
Mr H J Wallis

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The company's policy is to pay invoices, other than to appointed representatives, as they fall due, per the terms agreed between the company and the supplier. The policy for paying appointed representatives is to pay amounts due by the following Friday.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**HOME OF CHOICE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping proper accounting records which 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 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

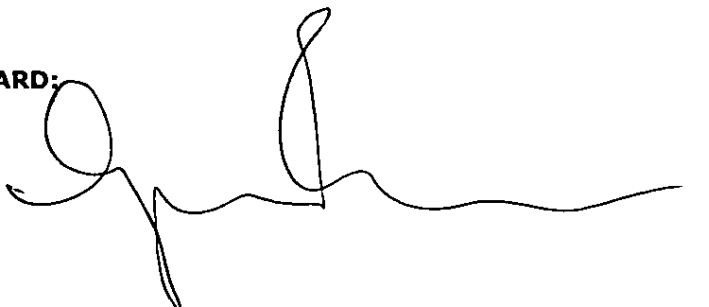
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Morris Owen, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

Mr G A O'Brien - Director

A handwritten signature in black ink, appearing to be 'G A O'Brien', written over a horizontal line.

15th January 2008

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
HOME OF CHOICE LIMITED**

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We have audited the financial statements of Home of Choice Limited for the year ended 31st March 2007 on pages five to fifteen. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on pages two and three.

Our responsibility is to audit the 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

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

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

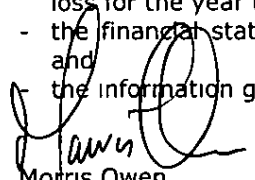
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the 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 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 financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

  
Morris Owen  
Registered Auditors  
43-45 Devizes Road  
SWINDON  
Wiltshire  
SN1 4BG

Date

28/1/08

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**HOME OF CHOICE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

		2007	2006 AS RESTATED
	Notes	£	£
<b>TURNOVER</b>	2	<b>27,372,555</b>	4,204,496
Cost of sales		<u><b>24,160,283</b></u>	<u>3,528,441</u>
<b>GROSS PROFIT</b>		<b>3,212,272</b>	676,055
Administrative expenses		<u><b>5,374,504</b></u>	<u>4,346,649</u>
<b>OPERATING LOSS</b>	4	<b>(2,162,232)</b>	(3,670,594)
Interest receivable and similar income		<u><b>11,563</b></u>	<u>4,565</u>
		<b>(2,150,669)</b>	(3,666,029)
Interest payable and similar charges	5	<u><b>526,698</b></u>	<u>343,160</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,677,367)</b>	(4,009,189)
Tax on loss on ordinary activities	6	<u><b>(851,875)</b></u>	<u>(1,087,000)</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>(1,825,492)</b></u>	<u>(2,922,189)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**HOME OF CHOICE LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST MARCH 2007**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>AS RESTATED £</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(1,825,492)</b>	<b>(2,922,189)</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>(1,825,492)</b>	<b><u>(2,922,189)</u></b>
Prior year adjustment	Note 7	
	<b><u>(277,300)</u></b>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>	<b><u>(2,102,792)</u></b>	

The notes form part of these financial statements



## HOME OF CHOICE LIMITED

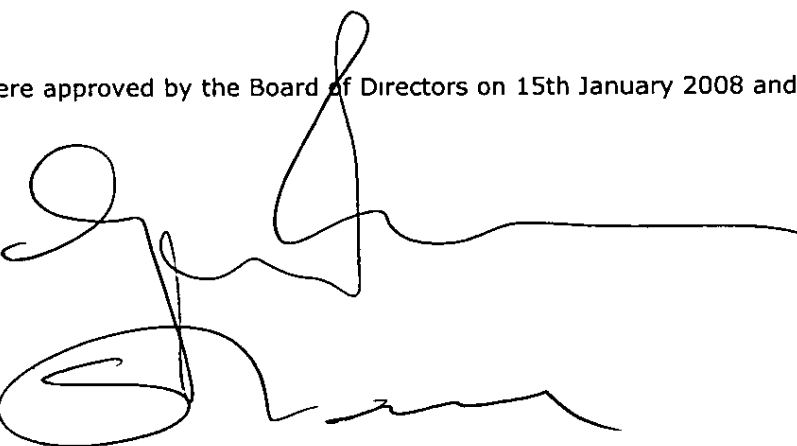
BALANCE SHEET  
31ST MARCH 2007

		2007		2006 AS RESTATED	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,889,147		1,356,472
<b>CURRENT ASSETS</b>					
Debtors	9	2,817,307		1,385,855	
Cash at bank and in hand		<u>314,469</u>		<u>9,748</u>	
		3,131,776		1,395,603	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>2,227,773</u>		<u>1,197,984</u>	
<b>NET CURRENT ASSETS</b>			<u>904,003</u>		<u>197,619</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,793,150		1,554,091
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		<u>7,530,521</u>		<u>4,468,979</u>
<b>NET LIABILITIES</b>			<u>(4,737,371)</u>		<u>(2,914,888)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		100		100
Other reserves	15		3,009		-
Profit and loss account	15		<u>(4,740,480)</u>		<u>(2,914,988)</u>
<b>SHAREHOLDERS' FUNDS</b>	19		<u>(4,737,371)</u>		<u>(2,914,888)</u>

The financial statements were approved by the Board of Directors on 15th January 2008 and were signed on its behalf by

Mr G A O'Brien - Director

Mrs S J Hall - Director



The notes form part of these financial statements

**HOME OF CHOICE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

		<b>2007</b>	2006 AS RESTATED
	Notes	£	£
<b>Net cash inflow from operating activities</b>	1	<b>1,731,316</b>	1,685,247
<b>Returns on investments and servicing of finance</b>	2	<b>(515,135)</b>	(338,595)
<b>Capital expenditure</b>	2	<b><u>(721,964)</u></b>	<b><u>(1,469,530)</u></b>
		<b>494,217</b>	(122,878)
<b>Financing</b>	2	<b><u>(5,125)</u></b>	<b><u>(102,500)</u></b>
<b>Increase/(Decrease) in cash in the period</b>		<b><u>489,092</u></b>	<b><u>(225,378)</u></b>

**Reconciliation of net cash flow to movement in net debt**

	3		
Increase/(Decrease) in cash in the period		<b><u>489,092</u></b>	<b><u>(225,378)</u></b>
Change in net debt resulting from cash flows		<b><u>489,092</u></b>	<b><u>(225,378)</u></b>
<b>Movement in net debt in the period</b>		<b>489,092</b>	(225,378)
<b>Net debt at 1st April</b>		<b><u>(241,952)</u></b>	<b><u>(16,574)</u></b>
<b>Net funds/(debt) at 31st March</b>		<b><u>247,140</u></b>	<b><u>(241,952)</u></b>

The notes form part of these financial statements

# HOME OF CHOICE LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

### 1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006 AS RESTATED
	£	£
Operating loss	(2,162,232)	(3,670,594)
Depreciation charges	189,289	121,358
Share based payment	3,009	-
Increase in debtors	(574,452)	(145,396)
Increase in creditors	4,275,702	5,379,879
<b>Net cash inflow from operating activities</b>	<b><u>1,731,316</u></b>	<b><u>1,685,247</u></b>

### 2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007	2006
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	11,563	4,565
Interest paid	(526,698)	(343,160)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(515,135)</u></b>	<b><u>(338,595)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(722,767)	(1,477,598)
Sale of tangible fixed assets	803	8,068
<b>Net cash outflow for capital expenditure</b>	<b><u>(721,964)</u></b>	<b><u>(1,469,530)</u></b>
<b>Financing</b>		
Amount withdrawn by directors	(5,125)	(102,500)
<b>Net cash outflow from financing</b>	<b><u>(5,125)</u></b>	<b><u>(102,500)</u></b>

### 3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.06	Cash flow	At
	£	£	31.3.07
			£
Net cash			
Cash at bank and in hand	9,748	304,721	314,469
Bank overdraft	(251,700)	184,371	(67,329)
	<b><u>(241,952)</u></b>	<b><u>489,092</u></b>	<b><u>247,140</u></b>
<b>Total</b>	<b><u>(241,952)</u></b>	<b><u>489,092</u></b>	<b><u>247,140</u></b>

The notes form part of these financial statements

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2007

### 1 ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention

#### Turnover

The turnover shown in the profit and loss account represents intermediary commission receivable on third party mortgage applications which is recognised when the mortgage commences

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- Straight line over 15 years
Telephone system	- 25% on cost
Fixtures and fittings	- 20% on cost
System development	- 10% on cost
Computer equipment	- 33% on cost

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

### 2 TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2007 £	2006 £
Turnover in the U K	<u>27,372,555</u>	<u>4,204,496</u>
	<u>27,372,555</u>	<u>4,204,496</u>

### 3 STAFF COSTS

	2007 £	2006 £
Wages and salaries	<u>3,098,533</u>	<u>2,101,474</u>
Social security costs	<u>345,922</u>	<u>238,542</u>
	<u>3,444,455</u>	<u>2,340,016</u>

The average monthly number of employees during the year was as follows

	2007	2006
Directors	<u>5</u>	<u>5</u>
Staff	<u>64</u>	<u>35</u>
	<u>69</u>	<u>40</u>

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

### 4 OPERATING LOSS

The operating loss is stated after charging

	2007 £	2006 £
Depreciation - owned assets	189,289	121,358
Auditors' remuneration	12,900	10,000
Foreign exchange differences	470	-

Directors' emoluments	633,854	577,658
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Information regarding the highest paid director is as follows

	2007 £	2006 £
Emoluments etc	207,323	216,667

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Bank interest	18,155	391
Interest payable to parent company	508,543	342,769
	526,698	343,160

### 6 TAXATION

#### Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2007 £	2006 £
Deferred tax	(851,875)	(1,087,000)
Tax on loss on ordinary activities	(851,875)	(1,087,000)

### 7 PRIOR YEAR ADJUSTMENT

The prior year adjustment for £277,300 is in respect of directors bonuses that were paid during the current year in respect of a contractual obligation for the year ended 31 March 2006

**HOME OF CHOICE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2007**

**8 TANGIBLE FIXED ASSETS**

	<b>Improvements to property £</b>	<b>Telephone system £</b>	<b>Fixtures and fittings £</b>
<b>COST</b>			
At 1st April 2006	<b>86,361</b>	<b>29,791</b>	<b>52,538</b>
Additions	<u>-</u>	<u>3,596</u>	<u>1,123</u>
At 31st March 2007	<u><b>86,361</b></u>	<u><b>33,387</b></u>	<u><b>53,661</b></u>
<b>DEPRECIATION</b>			
At 1st April 2006	<b>3,838</b>	<b>4,965</b>	<b>6,926</b>
Charge for year	<u>5,757</u>	<u>8,253</u>	<u>11,088</u>
At 31st March 2007	<u><b>9,595</b></u>	<u><b>13,218</b></u>	<u><b>18,014</b></u>
<b>NET BOOK VALUE</b>			
At 31st March 2007	<u><b>76,766</b></u>	<u><b>20,169</b></u>	<u><b>35,647</b></u>
At 31st March 2006	<u><b>82,523</b></u>	<u><b>24,826</b></u>	<u><b>45,612</b></u>

	<b>System development £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st April 2006	<b>1,220,790</b>	<b>87,229</b>	<b>1,476,709</b>
Additions	<b>678,254</b>	<b>39,794</b>	<b>722,767</b>
Disposals	<u>-</u>	<u>(1,156)</u>	<u>(1,156)</u>
At 31st March 2007	<u><b>1,899,044</b></u>	<u><b>125,867</b></u>	<u><b>2,198,320</b></u>
<b>DEPRECIATION</b>			
At 1st April 2006	<b>85,943</b>	<b>18,565</b>	<b>120,237</b>
Charge for year	<b>128,549</b>	<b>35,642</b>	<b>189,289</b>
Eliminated on disposal	<u>-</u>	<u>(353)</u>	<u>(353)</u>
At 31st March 2007	<u><b>214,492</b></u>	<u><b>53,854</b></u>	<u><b>309,173</b></u>
<b>NET BOOK VALUE</b>			
At 31st March 2007	<u><b>1,684,552</b></u>	<u><b>72,013</b></u>	<u><b>1,889,147</b></u>
At 31st March 2006	<u><b>1,134,847</b></u>	<u><b>68,664</b></u>	<u><b>1,356,472</b></u>

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	<b>314,189</b>	34,402
Other debtors	<b>134,893</b>	16,350
Directors' current accounts	<b>107,625</b>	102,500
VAT	<b>34,076</b>	-
Deferred tax asset	<b>1,938,875</b>	1,087,000
Prepayments	<b>115,950</b>	71,037
Accrued income	<u><b>171,699</b></u>	<u>74,566</u>
	<u><b>2,817,307</b></u>	<u><b>1,385,855</b></u>

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

### 9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Deferred tax asset

	2007 £	2006 £
Deferred tax ACA's	(252,166)	(155,000)
Deferred tax losses	<u>2,191,041</u>	<u>1,242,000</u>
	<u>1,938,875</u>	<u>1,087,000</u>

From a review of cashflows and projected profit forecasts, the directors are of the opinion deferred tax losses will be utilised in future years

Included within debtors is a balance of £107,625 (2006 - £102,500) in relation to Mr R Coulson. The maximum balance outstanding during the period was £107,625 (2006 - £102,500). This was an amount withdrawn from the company during last financial year and £5,125 (2006 - £2,500) interest charged to Mr R Coulson.

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank loans and overdrafts (see note 12)	67,329	251,700
Trade creditors	1,346,930	386,842
Social security and other taxes	123,512	64,757
Other creditors	317,365	17,333
Accruals and deferred income	<u>372,637</u>	<u>477,352</u>
	<u>2,227,773</u>	<u>1,197,984</u>

### 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Amounts owed to group undertakings	<u>7,530,521</u>	<u>4,468,979</u>

### 12 LOANS

An analysis of the maturity of loans is given below

	2007 £	2006 £
Amounts falling due within one year or on demand	67,329	251,700
Bank overdrafts	<u>67,329</u>	<u>251,700</u>

### 13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2007 £	2006 £
Expiring	89,513	89,513
In more than five years	<u>89,513</u>	<u>89,513</u>

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

### 14 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value £1	2007 £ <u>100</u>	2006 £ <u>100</u>
100	Ordinary			

### 15 RESERVES

	Profit and loss account £	Other reserves £	Totals £
At 1st April 2006	(2,637,688)	-	(2,637,688)
Prior year adjustment	<u>(277,300)</u>		<u>(277,300)</u>
	(2,914,988)		(2,914,988)
Deficit for the year	(1,825,492)		(1,825,492)
Share based payment	-	3,009	3,009
At 31st March 2007	<u>(4,740,480)</u>	<u>3,009</u>	<u>(4,737,471)</u>

### 16 ULTIMATE PARENT COMPANY

The company's parent company undertaking is Home of Choice Group Limited, which is registered in England and Wales

### 17 RELATED PARTY DISCLOSURES

The following related party transactions are required to be disclosed during the period

#### Mark Davies (FS Consulting) Limited

Mark Davies is a director of the above company and is company secretary and shareholder of Home of Choice Group Limited. Included within legal and professional fees are £97,576 of invoices of which £8,813 has been accrued for

#### Gerald Edelman

Howard Wallis is a partner in the above firm and is a director and shareholder of Home of Choice Group Limited. Included within accountancy fees are £10,040, and included within legal and professional fees are £2,522 of which £nil is included within trade creditors at the year end

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company, Home of Choice Group Limited. These accounts are available from 25 Harley Street London W1G 9BR

### 18. ULTIMATE CONTROLLING PARTY

The company was controlled by the directors and shareholders of the parent company, Home of Choice Group Limited, throughout the current year. The directors are also directors of Home of Choice Limited



# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2007

### 19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Loss for the financial year	(1,825,492)	(2,922,189)
Share Based Payment Reserve	3,009	-
<b>Net reduction of shareholders' funds</b>	<b>(1,822,483)</b>	<b>(2,922,189)</b>
Opening shareholders' funds (originally £(2,637,588) before prior year adjustment of £(277,300))	<u>(2,914,888)</u>	<u>7,301</u>
<b>Closing shareholders' funds</b>	<b><u>(4,737,371)</u></b>	<b><u>(2,914,888)</u></b>

### 20 SHARE-BASED PAYMENT TRANSACTIONS

The adjustment in respect of share based payment for share options granted during the year relate to options granted in Home of Choice Group Limited and the share options granted can be summarised

#### EMI scheme

Granted April 2006 442,350 at £0 001  
Granted March 2007 46,000 at £0 001  
Granted May / June 2007 176,000 at £0 001  
Granted August 2007 36,500 at £0 001

#### Appointed Representatives

As at 31 March 2007 1,428,972 share options have been granted to appointed representatives at a value of £0 001 Post year end a further 39,814 share options have been granted at a value of £0 001.

**HOME OF CHOICE LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

	2007		2006	
	£	£	£	£
<b>Sales</b>		<b>27,372,555</b>		4,204,496
<b>Cost of sales</b>				
FSA costs	43,050		35,123	
Commission paid	<u>24,117,233</u>		<u>3,493,318</u>	
		<b>24,160,283</b>		<u>3,528,441</u>
<b>GROSS PROFIT</b>		<b>3,212,272</b>		676,055
<b>Other income</b>				
Deposit account interest	6,438		2,065	
Other interest receivable	<u>5,125</u>		<u>2,500</u>	
		<b>11,563</b>		<u>4,565</u>
		<b>3,223,835</b>		680,620
<b>Expenditure</b>				
Rent, rates and water	131,408		143,920	
Light and heat	6,832		10,563	
Repairs to property	984		9,224	
Security	11,912		14,747	
Directors' salaries	631,966		577,658	
Directors' NI	76,678		31,467	
Wages	2,466,567		1,523,816	
Employers NI	269,244		207,075	
Conferences and meetings	37,390		34,781	
Telephone	81,936		56,229	
Postage and stationery	35,795		46,899	
Advertising	128,011		108,677	
Travel and subsistence	215,372		145,054	
Publications	34,322		15,446	
Insurance (general)	128,700		103,473	
Subscriptions	998		641	
IT costs	122,969		161,749	
Cleaning	9,260		8,557	
Staff welfare	37,672		23,943	
Recruitment and training	40,647		59,544	
General office expenses	20,895		11,648	
Other operating costs	355,071		78,349	
Sundry expenses	14,588		24,489	
Fines and penalties	200		1,326	
Contractors commissions	65,680		-	
Accountancy fees	9,421		2,771	
Share based payment	3,009		-	
Legal and professional fees	115,948		763,054	
Auditors' remuneration	12,900		10,000	
Foreign exchange losses	470		-	
Depreciation of tangible fixed assets	189,289		121,358	
Entertainment	92,257		17,288	
Bad debts	<u>14,649</u>		<u>12,310</u>	
		<b>5,363,040</b>		<u>4,326,056</u>
Carried forward		<b>(2,139,205)</b>		(3,645,436)

This page does not form part of the statutory financial statements

**HOME OF CHOICE LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2007**

	2007	2006
	£	£
Brought forward	(2,139,205)	(3,645,436)
<b>Finance costs</b>		
Bank charges	11,464	20,593
Bank interest	18,155	391
Interest payable to parent company	<u>508,543</u>	<u>342,769</u>
	<u>538,162</u>	<u>363,753</u>
<b>NET LOSS</b>	<u>(2,677,367)</u>	<u>(4,009,189)</u>

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