

**REGISTERED NUMBER: 03156922 (England and Wales)**

**HOME OF CHOICE LIMITED  
REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2009**

TUESDAY



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**HOME OF CHOICE LIMITED**  
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**FOR THE YEAR ENDED 31ST MARCH 2009**

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**HOME OF CHOICE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

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**DIRECTORS:**

Mr K R Baldwin  
Mr R Coulson  
Mr G A O'Brien  
Mr H J Wallis  
Mr R H P Rennison  
Mr S Chadwick  
Mr D Rance

**REGISTERED OFFICE:**

25 Harley Street  
LONDON  
W1G 9BR

**REGISTERED NUMBER:**

03156922 (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 2009**

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The directors present their report with the financial statements of the company for the year ended 31st March 2009.

**PRINCIPAL ACTIVITY**

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

**REVIEW OF BUSINESS**

The group has continued to drive its business model forward despite working in the most punitive conditions that many of us can recall.

As with all networks, we have been faced with lower volumes of mortgage business and reduced procurement fees. Despite these factors we have managed to produce a very satisfying breakeven trading performance for the year to March 09 with a positive EBITDA in excess of £800,000.

This has been achieved by a constant re-focusing on alternative revenue streams across the network and a magnificent effort from all our appointed representatives in driving up Life and GI conversion rates to roughly 50% and 90% respectively.

We have also been acutely aware of our cost base and have continually sought to maximise efficiencies whilst ensuring that service levels are maintained and improved.

In the coming period, we expect another year of tough trading conditions with the focus on maximising sales opportunities per client and increased product diversification.

We will continue to maintain a tight control on costs and ensure an ongoing, safe trading environment for our advisors.

Improved market conditions from the second half of 2010, with the resultant increase in mortgage volumes and related products, will hopefully see a move to greater profitability and increased cash generation. The focus will be on growth, both organic and by acquisition, whilst adhering to the principles that have enabled us to thrive in this period of global turmoil.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2009.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2008 to the date of this report.

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

Other changes in directors holding office are as follows:

Mrs S J Hall - resigned 31st October 2008  
Mr R H P Rennison - appointed 4th July 2008  
Mr S Chadwick - appointed 11th December 2008

Mr D Rance was appointed as a director after 31st March 2009 but prior to the date of this report.

**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.

**HOME OF CHOICE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

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**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.

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 ought to have taken as a director in order to make himself 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 at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Mr H J Wallis - Director

9th November 2009

## **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 2009 on pages six 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 a Report of the Auditors 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 page 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.

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

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**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 2009 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: ..... 20/11/09 .....

**HOME OF CHOICE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

	Notes	2009 £	2008 £
<b>TURNOVER</b>	2	<b>33,328,470</b>	45,412,529
Cost of sales		<b>26,491,520</b>	39,420,161
<b>GROSS PROFIT</b>		<b>6,836,950</b>	5,992,368
Administrative expenses		<b>6,276,601</b>	6,708,990
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>560,349</b>	(716,622)
Interest receivable and similar income		<b>2,476</b>	40,218
		<b>562,825</b>	(676,404)
Interest payable and similar charges	5	<b>617,179</b>	561,014
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(54,354)</b>	(1,237,418)
Tax on loss on ordinary activities	6	<b>520</b>	-
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>(54,874)</b>	(1,237,418)

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

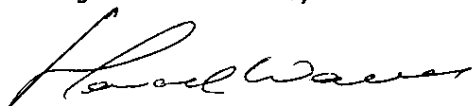


## HOME OF CHOICE LIMITED

BALANCE SHEET  
31ST MARCH 2009

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,692,214	1,761,518
<b>CURRENT ASSETS</b>			
Debtors	8	2,740,112	2,636,399
Cash at bank and in hand		949	1,295
		<u>2,741,061</u>	<u>2,637,694</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	2,263,568	2,692,171
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>477,493</u>	<u>(54,477)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,169,707</u>	<u>1,707,041</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	8,199,632	7,681,653
<b>NET LIABILITIES</b>		<u>(6,029,925)</u>	<u>(5,974,612)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Other reserves	14	2,747	3,186
Profit and loss account	14	(6,032,772)	(5,977,898)
<b>SHAREHOLDERS' FUNDS</b>	18	<u>(6,029,925)</u>	<u>(5,974,612)</u>

The financial statements were approved by the Board of Directors on 9th November 2009 and were signed on its behalf by:



Mr H J Wallis - Director



Mr D Rance - Director

The notes form part of these financial statements

**HOME OF CHOICE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

	Notes	2009 £	2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	1	<b>1,014,675</b>	<b>(249,455)</b>
<b>Returns on Investments and servicing of finance</b>	2	<b>(614,703)</b>	<b>(520,796)</b>
<b>Taxation</b>		<b>(630)</b>	<b>(25,625)</b>
<b>Capital expenditure</b>	2	<b>(214,250)</b>	<b>(154,461)</b>
		<b>185,092</b>	<b>(950,337)</b>
<b>Financing</b>	2	<b>2,472</b>	<b>73,869</b>
<b>Increase/(Decrease) in cash in the period</b>		<b>187,564</b>	<b>(876,468)</b>

<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase/(Decrease) in cash in the period		<b>187,564</b>	<b>(876,468)</b>
Change in net debt resulting from cash flows		<b>187,564</b>	<b>(876,468)</b>
<b>Movement in net debt in the period</b>		<b>187,564</b>	<b>(876,468)</b>
<b>Net (debt)/funds at 1st April</b>		<b>(629,328)</b>	<b>247,140</b>
<b>Net debt at 31st March</b>		<b>(441,764)</b>	<b>(629,328)</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 2009**

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2009 £	2008 £
Operating profit/(loss)	560,349	(716,622)
Depreciation charges	283,293	282,090
Loss on disposal of fixed assets	261	-
Share based payment	(439)	177
(Increase)/Decrease in debtors	(123,989)	132,664
Increase in creditors	295,200	52,236
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,014,675</b>	<b>(249,455)</b>

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

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,476	40,218
Interest paid	(617,179)	(561,014)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(614,703)</b>	<b>(520,796)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(214,774)	(154,461)
Sale of tangible fixed assets	524	-
<b>Net cash outflow for capital expenditure</b>	<b>(214,250)</b>	<b>(154,461)</b>
<b>Financing</b>		
Amount introduced by directors	2,472	73,869
<b>Net cash inflow from financing</b>	<b>2,472</b>	<b>73,869</b>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.08 £	Cash flow £	At 31.3.09 £
Net cash:			
Cash at bank and in hand	1,295	(346)	949
Bank overdraft	(630,623)	187,910	(442,713)
	<b>(629,328)</b>	<b>187,564</b>	<b>(441,764)</b>
<b>Total</b>	<b>(629,328)</b>	<b>187,564</b>	<b>(441,764)</b>

The notes form part of these financial statements

**HOME OF CHOICE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2009**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company has restructured its costing structure and income generation model leading to improved earnings reporting since the year end, despite the current economic conditions. The directors continue to make progress in this area linked to strategic planning for the next three years. The company has the continuing support of the bank for the foreseeable future and will therefore have adequate financial resources to continue to trade. For these reason the directors continue to adopt the going concern basis in preparing the financial statements.

**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	- To write down by 2015
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:

	<b>2009</b>	2008
	<b>£</b>	£
Turnover in the U.K	<b>33,328,470</b>	45,412,529
	<b><u>33,328,470</u></b>	<u>45,412,529</u>

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 3. STAFF COSTS

	2009 £	2008 £
Wages and salaries	3,750,047	4,026,491
Social security costs	421,139	452,135
Redundancy costs	108,585	94,220
	<u>4,279,771</u>	<u>4,572,846</u>

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

	2009	2008
Directors	6	5
Staff	78	64
	<u>84</u>	<u>69</u>

### 4. OPERATING PROFIT/(LOSS)

The operating profit (2008 - operating loss) is stated after charging/(crediting):

	2009 £	2008 £
Depreciation - owned assets	283,293	282,090
Loss on disposal of fixed assets	261	-
Auditors' remuneration	17,828	18,129
Foreign exchange differences	(10,157)	(3,085)
Non audit services - taxation	525	2,519
Non audit services - other	-	822
	<u>780,533</u>	<u>769,620</u>

Information regarding the highest paid director is as follows:

	2009 £	2008 £
Emoluments etc	<u>257,536</u>	<u>237,144</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank interest	-	2
Corporation tax interest payable	-	630
Interest payable to parent company	617,179	560,382
	<u>617,179</u>	<u>561,014</u>

**HOME OF CHOICE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**6. TAXATION**

**Analysis of the tax charge**

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

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>520</b>	-
	<u>520</u>	<u>-</u>
Tax on loss on ordinary activities	<b>520</b>	-
	<u><u>520</u></u>	<u><u>-</u></u>

**7. TANGIBLE FIXED ASSETS**

	<b>Improvements to property £</b>	<b>Telephone system £</b>	<b>Fixtures and fittings £</b>
<b>COST</b>			
At 1st April 2008	<b>92,673</b>	<b>35,665</b>	<b>52,154</b>
Additions	-	-	<b>2,042</b>
	<u>92,673</u>	<u>35,665</u>	<u>54,196</u>
At 31st March 2009	<b>92,673</b>	<b>35,665</b>	<b>54,196</b>
<b>DEPRECIATION</b>			
At 1st April 2008	<b>15,718</b>	<b>22,758</b>	<b>28,545</b>
Charge for year	<b>6,243</b>	<b>4,302</b>	<b>10,634</b>
	<u>21,961</u>	<u>27,060</u>	<u>39,179</u>
At 31st March 2009	<b>21,961</b>	<b>27,060</b>	<b>39,179</b>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<b>70,712</b>	<b>8,605</b>	<b>15,017</b>
	<u><u>70,712</u></u>	<u><u>8,605</u></u>	<u><u>15,017</u></u>
At 31st March 2008	76,955	12,907	23,609
	<u><u>76,955</u></u>	<u><u>12,907</u></u>	<u><u>23,609</u></u>
	<b>System development £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st April 2008	<b>2,016,577</b>	<b>155,712</b>	<b>2,352,781</b>
Additions	<b>193,974</b>	<b>18,758</b>	<b>214,774</b>
Disposals	-	<b>(785)</b>	<b>(785)</b>
	<u>2,210,551</u>	<u>173,685</u>	<u>2,566,770</u>
At 31st March 2009	<b>2,210,551</b>	<b>173,685</b>	<b>2,566,770</b>
<b>DEPRECIATION</b>			
At 1st April 2008	<b>422,007</b>	<b>102,235</b>	<b>591,263</b>
Charge for year	<b>228,644</b>	<b>33,470</b>	<b>283,293</b>
	<u>650,651</u>	<u>135,705</u>	<u>874,556</u>
At 31st March 2009	<b>650,651</b>	<b>135,705</b>	<b>874,556</b>
<b>NET BOOK VALUE</b>			
At 31st March 2009	<b>1,559,900</b>	<b>37,980</b>	<b>1,692,214</b>
	<u><u>1,559,900</u></u>	<u><u>37,980</u></u>	<u><u>1,692,214</u></u>
At 31st March 2008	1,594,570	53,477	1,761,518
	<u><u>1,594,570</u></u>	<u><u>53,477</u></u>	<u><u>1,761,518</u></u>

**HOME OF CHOICE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2009**

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>325,835</b>	181,782
Other debtors	<b>101,896</b>	68,124
Directors' current accounts	<b>31,284</b>	33,756
Corporation tax recoverable	<b>7,821</b>	25,625
Deferred tax asset	<b>1,938,875</b>	1,938,875
Prepayments	<b>116,725</b>	113,174
Accrued income	<b>217,676</b>	275,063
	<b><u>2,740,112</u></b>	<b><u>2,636,399</u></b>

Deferred tax asset

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>(252,166)</b>	(252,166)
Deferred tax losses	<b><u>2,191,041</u></b>	<b><u>2,191,041</u></b>
	<b><u>1,938,875</u></b>	<b><u>1,938,875</u></b>

Financial Reporting Standard 19 Deferred Tax sets out that deferred tax assets should be recognised to the extent that they are regarded as recoverable. The company has restructured its costing structure and income generation model leading to improved earnings reporting since the year end, despite the current economic conditions. The directors continue to make progress in this area linked to strategic planning for the next three years, similar to conditions set out in paragraph 33 of the reporting standard, which support the likelihood of utilising such losses within this timescale.

Included within debtors is a balance of £31,283 (2008 - £29,794) in relation to Mr R Coulson. The maximum balance outstanding during the period was £31,283 (2008 - £29,794). This was an amount withdrawn from the company during last financial year and £1,489 (2008 - £1,419) interest charged to Mr R Coulson.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 11)	<b>442,713</b>	630,623
Trade creditors	<b>785,799</b>	878,006
Corporation tax	<b>(17,914)</b>	-
Social security and other taxes	<b>114,728</b>	139,960
VAT	<b>21,870</b>	26,247
Other creditors	<b>500,527</b>	344,040
Accruals	<b>335,445</b>	472,295
Deferred income	<b>80,400</b>	201,000
	<b><u>2,263,568</u></b>	<b><u>2,692,171</u></b>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<b>8,142,832</b>	7,584,653
Deferred income	<b>56,800</b>	97,000
	<b><u>8,199,632</u></b>	<b><u>7,681,653</u></b>

# HOME OF CHOICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

### 11. LOANS

An analysis of the maturity of loans is given below:

	2009 £	2008 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>442,713</u>	<u>630,623</u>

### 12. OPERATING LEASE COMMITMENTS

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

		Land and buildings
	2009 £	2008 £
Expiring:		
In more than five years	<u>89,513</u>	<u>89,513</u>

### 13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2009 £	2008 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

### 14. RESERVES

	Profit and loss account £	Other reserves £	Totals £
At 1st April 2008	(5,977,898)	3,186	(5,974,712)
Deficit for the year	(54,874)		(54,874)
Share based payment	-	(439)	(439)
At 31st March 2009	<u>(6,032,772)</u>	<u>2,747</u>	<u>(6,030,025)</u>

### 15. ULTIMATE PARENT COMPANY

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



## HOME OF CHOICE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2009

#### 16. 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 £65,994 (2008: £98,500) of invoices of which £nil (2008: £10,000) 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 £6,099 (2008: £4,463).

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.

#### 17. 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.

#### 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Loss for the financial year	(54,874)	(1,237,418)
Share based payment reserve	(439)	177
<b>Net reduction of shareholders' funds</b>	<b>(55,313)</b>	<b>(1,237,241)</b>
Opening shareholders' funds	(5,974,612)	(4,737,371)
<b>Closing shareholders' funds</b>	<b>(6,029,925)</b>	<b>(5,974,612)</b>

#### 19. 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. The share options granted can be summarised as:

##### EMI scheme

During the year 5,700 options were granted at £0.06 and 110,000 options were forfeited by employees who left the scheme. At the end of the period 448,850 options were held by employees.

##### Appointed Representatives

During the year 363,423 options were forfeited. At the end of the period 1,105,363 options were held by appointed representatives.

The fair value at the date of grant was calculated based on a share purchase in 2007.