

PAIG Funding Limited

Directors' report and financial statements

Registered number 4366523

Year ended 31 December 2009

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the company is that of a holding company

The profit and loss account for the year is set out on page 5

Change of name

The company changed its name from PAIG Funding plc on 17 October 2008

Dividends

No dividend was paid during the year to the immediate parent company, PAIG Finance Ltd (2008 £45,000,000)

Directors

The directors who held office during the year were as follows

PD Carter

MA Kayser (resigned 7 May 2009)

NA Rodgers (appointed 7 May 2009)

SD McCaslin (appointed 22 September 2009)

EJ Lewis and WG Devanney were appointed as directors of the company on 14 June 2010

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



SD McCaslin
Director and
Company Secretary

Watchmoor Point
Watchmoor Road
Camberley
Surrey
GU15 3EX

21 June 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditors' report to the members of PAIG Funding Limited

We have audited the financial statements of PAIG Funding Limited for the year ended 31 December 2009 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

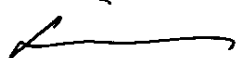
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of PAIG Funding Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



X Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 June 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Notes</i>	2009 £000	2008 £000
Operating profit		-	-
Waiver of loan due from group undertaking		-	(45,000)
Net interest receivable	3	-	320
Loss on ordinary activities before taxation	2	-	(44,680)
Tax on loss on ordinary activities	5	(1,429)	(4,071)
Retained loss for the year	11	(1,429)	(48,751)

All amounts relate to continuing operations

There are no recognised gains or losses for the current or prior financial periods other than those presented above

Balance sheet
at 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	6	224,548	224,548
Current assets			
Debtors	7	95,381	95,773
Cash at bank and in hand		4	4
		<u>95,385</u>	<u>95,777</u>
Creditors: Amounts falling due within one year	8	<u>(60,717)</u>	<u>(59,680)</u>
Net current assets		<u>34,668</u>	<u>36,097</u>
Net assets		<u>259,216</u>	<u>260,645</u>
Capital and reserves			
Called up share capital	9	75,767	75,767
Capital contribution reserve		183,355	183,355
Profit and loss account	10	94	1,523
Equity shareholders' funds	11	<u>259,216</u>	<u>260,645</u>

These financial statements were approved by the directors and signed on their behalf on 21 June 2010 by


NA Rodgers
Director

Company Registration Number 04366523

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and applicable Accounting Standards

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Related party transactions

As permitted by paragraph 3(c) FRS8 (Related Party Disclosures), the company has taken advantage of the exemption for 90% subsidiaries not to disclose related party transactions with group entities. There were no other related party transactions disclosable under FRS8.

Cash flow statement

The company is exempt under Financial Reporting Standard 1 (revised) from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Taxation

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Fixed asset investments

Investments in subsidiary undertakings are included at cost less any provisions for permanent impairment in value, which is supported by the underlying net asset value of the subsidiaries concerned.

Foreign currencies

All transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling on the date of the transaction. Assets and liabilities, including long term liabilities, in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Differences on revenue transactions are dealt with through the profit and loss account.

Notes *(continued)*

2 Loss on ordinary activities before taxation

Auditors' remuneration is borne by another group company

3 Net interest receivable

	2009 £000	2008 £000
Bank interest receivable	-	320

4 Directors' emoluments

No director received remuneration for services to the company during the year (2008 £Nil)

5 Tax on loss on ordinary activities

Analysis of charge in period

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Amounts due to group undertakings in respect of group relief	1,429	4,071
Tax on profit on ordinary activities	1,429	4,071

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 composite rate 28.5%). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	-	(44,680)
Current tax at 28% (2008 28.5%)	-	(12,734)
<i>Effects of</i>		
Loan waiver	-	12,825
Imputed interest	1,429	3,980
Total current tax charge (see above)	1,429	4,071

Factors that may affect future, current and total tax charges

On 1 April 2008, the current tax rate reduced from 30% to 28%. Therefore, the current tax rate applying to the year ended 31 December 2009 was a hybrid rate of 28.5%

Notes (continued)

6 Investments in group undertakings

	Interest in group Undertakings £000
At beginning and end of year	224,548

Investments in group undertakings at the beginning and end of the year constitute a 100% investment in PAIG Acquisition Limited

7 Debtors

	2009 £000	2008 £000
Amounts owed by group undertakings	95,381	95,773

8 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts due to group undertakings in respect of group relief	17,529	16,100
Amounts owed to group undertakings	43,188	43,580
	60,717	59,680

9 Called up share capital

	2009 £000	2008 £000
<i>Authorised:</i> 76,000,000 ordinary shares of £1 each	76,000	76,000
<i>Allotted, called up and fully paid:</i> 75,767,003 ordinary shares of £1 each	75,767	75,767

10 Profit and loss account

	£000
At beginning of the year	1,523
Loss for the year	(1,429)
At end of the year	94

Notes (continued)

11 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Loss for the period	(1,429)	(48,751)
Dividend payable	-	(45,000)
Net movement in shareholders' funds	(1,429)	(93,751)
Opening shareholders' funds	260,645	354,396
Closing shareholders' funds	259,216	260,645

12 Contingent liabilities

The company is a guarantor of term and revolving debt facilities, totalling at 31 December 2009 £32 million, which are available to Seton House Group Limited and certain of its subsidiaries

Subsequent to the year end the Company gave an unconditional guarantee to a fellow group company in respect of amounts due to group undertakings. The balance outstanding in excess of net assets as at 31 December 2009 in respect of these amounts due was £19.3m

13 Ultimate and immediate parent companies

The company's immediate parent company is PAIG Finance Limited and ultimate parent company is PAIG Investments Limited, incorporated in Great Britain. The largest group in which the results of the company are consolidated is that headed by PAIG Investments Limited. The consolidated financial statements of PAIG Investments Limited are available to the public and may be obtained from The Secretary, Watchmoor Point, Watchmoor Road, Camberley, Surrey GU15 3EX