

**REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008  
FOR  
AGM FINANCE LIMITED**

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**AGM FINANCE LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2008**

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**AGM FINANCE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**DIRECTORS:**

K Michael  
K D Williams

**SECRETARY:**

Ms M Michael

**REGISTERED OFFICE:**

Regency House  
37-40 Alexandra Parade  
Weston super Mare  
North Somerset  
BS23 1QZ

**REGISTERED NUMBER:**

05319045 (England and Wales)

**AUDITORS:**

T P Lewis & Partners (BOS) Limited  
Chartered Accountants  
& Registered Auditors  
3/5 College Street  
Burnham on Sea  
Somerset  
TA8 1AR

**AGM FINANCE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

The directors present their report with the financial statements of the company for the year ended 31 March 2008.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of commercial finance provider.

**REVIEW OF BUSINESS**

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

The company provides commercial finance to carefully selected property developers. The results of the company show a pre-tax profit for the year of £139,773 and turnover of £769,753.

**Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainty affecting the company are considered to relate to fluctuations in interest rates and the adequacy of security arrangements for the company's lending facilities. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided on page 2 of the group's annual report and does not form part of this report.

**Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2008.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2007 to the date of this report.

K Michael  
K D Williams

**FINANCIAL INSTRUMENTS**

The company finances its lending activities from the directors' personal resources without the need for bank borrowing facilities.

**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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**AGM FINANCE LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2008**

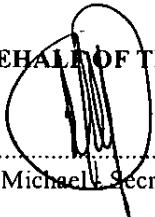
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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, T P Lewis & Partners (BOS) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
Ms M Michael Secretary

Date: ~~30~~ December 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AGM FINANCE LIMITED**

We have audited the financial statements of AGM Finance Limited for the year ended 31 March 2008 on pages six to eleven. 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 page two.

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, except that the scope of our work was limited as explained below.

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 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. The corresponding figures were unaudited.

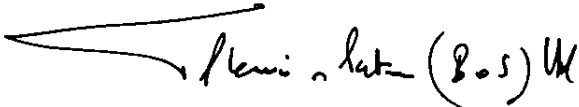
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
AGM FINANCE LIMITED**

**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 31 March 2008 and of its profit 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.



T P Lewis & Partners (BOS) Limited  
Chartered Accountants  
& Registered Auditors  
3/5 College Street  
Burnham on Sea  
Somerset  
TA8 1AR

Date: 21 December 2008

**AGM FINANCE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £	2007 £
<b>TURNOVER</b>		769,753	723,580
Administrative expenses		269,248	99,059
<b>OPERATING PROFIT</b>	3	500,505	624,521
Interest receivable and similar income		6,625	1,491
		507,130	626,012
Interest payable and similar charges	4	367,357	227,052
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		139,773	398,960
Tax on profit on ordinary activities	5	41,790	-
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		97,983	398,960

**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 profits for the current year or previous year.

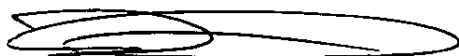


**AGM FINANCE LIMITED**

**BALANCE SHEET  
31 MARCH 2008**

		2008		2007	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Investments	6		5,497,472		5,410,500
<b>CURRENT ASSETS</b>					
Debtors	7	799,202		792,525	
Cash at bank		128,286		12,412	
		<u>927,488</u>		<u>804,937</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	8	5,928,016		5,816,476	
<b>NET CURRENT LIABILITIES</b>			<u>(5,000,528)</u>		<u>(5,011,539)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>496,944</u>		<u>398,961</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		1		1
Profit and loss account	10		496,943		398,960
<b>SHAREHOLDERS' FUNDS</b>	13		<u>496,944</u>		<u>398,961</u>

The financial statements were approved by the Board of Directors on 30 December 2008 and were signed on its behalf by:



.....  
K Michael - Director

The notes form part of these financial statements

**AGM FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

As permitted by FRS 8, transactions between group companies have not been disclosed.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Turnover**

Turnover represents interest and arrangement fees receivable in connection with the provision of loan facilities.

**Deferred tax**

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

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**Financial Reporting Standard Number 1**

The company is exempt from the requirement to prepare a cashflow statement under FRS 1 as it is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The company is included in the consolidated financial statements of AGM Holdings plc.

**2. STAFF COSTS**

	2008	2007
	£	£
Wages and salaries	139,663	71,040
Social security costs	15,842	8,124
Other pension costs	4,736	2,921
	<u>160,241</u>	<u>82,085</u>

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

	2008	2007
Management and administration	<u>2</u>	<u>2</u>

# **AGM FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2008**

### **3. OPERATING PROFIT**

The operating profit is stated after charging:

	2008	2007
	£	£
Other operating leases	80,000	-
Auditors' remuneration	4,000	3,500
	<u>84,000</u>	<u>3,500</u>
Directors' emoluments	51,200	12,800
Directors' pension contributions to money purchase schemes	4,736	512
	<u>55,936</u>	<u>13,312</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

### **4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2008	2007
	£	£
Loan interest payable	367,357	227,052
	<u>367,357</u>	<u>227,052</u>

### **5. TAXATION**

#### **Analysis of the tax charge**

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

	2008	2007
	£	£
Current tax:		
UK corporation tax	41,790	-
	<u>41,790</u>	<u>-</u>
Tax on profit on ordinary activities	41,790	-
	<u>41,790</u>	<u>-</u>

#### **Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2008	2007
	£	£
Profit on ordinary activities before tax	139,773	398,960
	<u>139,773</u>	<u>398,960</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	41,932	119,688
Effects of:		
Permanently disallowed items	971	2,959
Group relief	-	(122,647)
Marginal relief	(1,113)	-
	<u>758</u>	<u>(119,688)</u>
Current tax charge	41,790	-
	<u>41,790</u>	<u>-</u>

### **6. FIXED ASSET INVESTMENTS**

**AGM FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2008**

Other  
loans  
£  
5,410,500  
3,957,138  
(3,870,166)

At 1 April 2007  
New in year  
Repayment in year

At 31 March 2008

5,497,472

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

	2008	2007
	£	£
Amounts owed by group undertakings	620,501	705,001
Amounts owed by participating interests	106,000	-
Prepayments and accrued income	72,701	87,524
	<u>799,202</u>	<u>792,525</u>

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

	2008	2007
	£	£
Trade creditors	997	5,963
Amounts owed to group undertakings	255,000	-
Tax	41,790	-
Social security and other taxes	3,263	3,263
Other creditors	125	654
Directors' loan accounts	5,439,054	5,562,552
Accruals and deferred income	187,787	244,044
	<u>5,928,016</u>	<u>5,816,476</u>

**9. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2008	2007
			£	£
1,000	ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2008	2007
			£	£
1	ordinary	£1	<u>1</u>	<u>1</u>

**10. RESERVES**

	Profit and loss account £
At 1 April 2007	398,960
Profit for the year	97,983
At 31 March 2008	<u>496,943</u>

# AGM FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2008

### 11. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of AGM Holdings plc. AGM Holdings plc prepares group financial statements and copies can be obtained from: Regency House, 37 - 40 Alexandra Parade, Weston-super-Mare, BS23 1QZ.

### 12. RELATED PARTY DISCLOSURES

Loans from the director K Michael subsisted during the year. At 31 March 2008 £5,439,054 (2007 £5,562,552) was due to the director K Michael.

During the year a loan facility was made to AGM Estates Limited of £1,020,138.

At 31 March 2008 the following balances were due from/(to) group and associated companies:

	£	£
AGM Holdings plc	620,501	65,001
AGM City Space Investments Limited	100,000	-
AGM Joint Ventures Ltd (associated company)	6,000	-
AGM Catering Limited	(200,000)	140,000
AGM Estates Limited	(55,000)	500,000
	<u>          </u>	<u>          </u>

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

	2008 £	2007 £
Profit for the financial year	97,983	398,960
Net addition to shareholders' funds	97,983	398,960
Opening shareholders' funds	398,961	1
Closing shareholders' funds	<u>496,944</u>	<u>398,961</u>