

# Equidebt Holdings Limited

Annual Report

*Period ended 30 April 2006*



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## Company Information

Directors	R P Scott W Mulligan P Moore P A S F Wilding J L Mosiewicz D E Johnson
Secretary	P Moore
Registered office	Equity House Ettington Road Wellesbourne Warwickshire CV35 9GA
Registered number	5524029
Auditors	RSM Robson Rhodes LLP Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU
Bankers	The Co-operative Bank plc 118-120 Colmore Row Birmingham B3 3BA

## Report of the Directors

The directors present their report and the audited financial statements of the company for the period ended 30 April 2006.

### Principal activity

The principal activity of the company is to act as a holding company.

### Business review and future developments

On 31 August 2005 the company acquired 100% of the issued share capital of Equidebt Limited.

The directors are satisfied with the performance of this company in its first period of trading.

The directors have continued with a hybrid strategy within the trading subsidiaries of offering solutions for contingency collections and debt purchase. This enhances existing excellent relations with current clients and increases the opportunity to develop new relationships as we are able to provide a full suite of collection services.

Near the end of the financial year we strengthened the depth of our executive team with the recruitment of a new Chief Executive Officer.

### Incorporation and change of name

The company was incorporated as Broomco (3845) Limited on 1 August 2005.

On 20 October 2005 the company passed a special resolution changing its name to Equidebt Holdings Limited.

### Directors

The directors at the date of this report are set out on page 1.

The directors who have served office during the period are as follows:

	Date of appointment	Date of resignation
DLA Piper Rudnick Gray Cary UK Nominees Limited	31.08.05	31.08.05
DLA Piper Rudnick Gray Cary UK Secretarial Services Limited	31.08.05	31.08.05
R P Scott	31.08.05	-
P Moore	31.08.05	-
D E Johnson	31.08.05	-
P A S F Wilding	31.08.05	-
J Mosiewicz	31.08.05	-
W Mulligan	23.05.06	-

# Report of the Directors

(Continued)

## Directors

The interests of the directors at the period end in the shares of the company are as follows;

	<b>'B' Ordinary shares of 0.0001p each</b>		<b>'C' Ordinary shares of 0.0001p each</b>	
	<b>On appointment</b>	<b>30.04.06 No.</b>	<b>On appointment</b>	<b>30.04.06 No.</b>
R P Scott	846,000	846,000	-	-
P A S F Wilding	108,000	108,000	-	-
J L Mosiewicz	846,000	846,000	-	-
P Moore	-	-	100,000	100,000
D E Johnson	-	-	-	-

D E Johnson, as a limited partner in the Royal London Private Equity SBS Fund which holds 'A' ordinary shares, has a beneficial interest in the 'A' Ordinary shares.

On 23 May 2006, W Mulligan was allotted 200,000 "C" ordinary shares of 0.0001p each

There has been no other changes in the shareholdings of the directors since the period end.

## Share capital

On incorporation the authorised share capital of the company was 1,000 ordinary shares of £1 each. One subscriber share was issued on incorporation.

On 31 August 2005 the subscriber share was re-designated as 10 'B' ordinary shares of 10p each.

On the same date the remaining 999 ordinary shares of £1 each were sub-divided into 9,990 ordinary shares of 10p each; 4,990 of such shares were re-designated as 2,700 'A' ordinary shares of 10p each, 1,790 'B' ordinary shares of 10p each and 500 'C' ordinary shares of 10p each.

On 31 August 2005, 2,700 'A' ordinary shares of 10p each and 1,790 'B' ordinary shares of 10p each were allotted at par fully paid. 250 'C' ordinary shares of 10p each were allotted at par 1p paid.

On 15 December 2005, each of the 2,700 'A' ordinary shares of 10p each in the capital of the company were sub-divided into 2,700,000 'A' ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 1,800 'B' ordinary shares of 0.10p each in the capital of the company were sub-divided into 1,800,000 ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 500 'C' ordinary shares of 0.10p each in the capital of the company were sub-divided into 500,000 'C' ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 5,000 unclassified shares of 0.10p each in the capital of the company were sub-divided into 5,000,000 unclassified shares of 0.0001p each in the capital of the company.

On 23 May 2006, the company issued a further 200,000 'C' ordinary shares of 0.0001p each.

## Report of the Directors

(Continued)

### Statement of directors' responsibilities for the financial statements

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; 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 proper accounting records which 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 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.

### Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### Auditors

RSM Robson Rhodes LLP were appointed first auditors of the company. Being eligible, RSM Robson Rhodes LLP are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

### Approval

The report of the directors was approved by the Board on 1 November 2006 and signed on its behalf by:

  
P MOORE  
Secretary

# Independent Auditors' Report to the Shareholders of Equidebt Holdings Limited

We have audited the financial statements on pages 6 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 in the Statement of Directors Responsibilities.

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 directors' report 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 directors report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

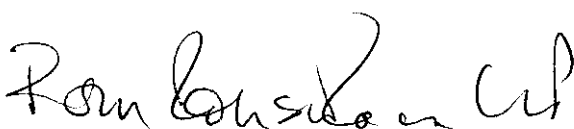
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 affairs of the company as at 30 April 2006 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors  
Birmingham, England  
1 November 2006

## Profit and Loss Account

for the period ended 30 April 2006

	Note	Period ended 30 April 2006 £
<b>Turnover - continuing operations</b>		-
Cost of sales		-
		<hr/>
<b>Gross profit</b>		-
Other operating income		288,301
Administrative expenses		(324,081)
		<hr/>
<b>Operating loss - continuing operations</b>	2	(35,780)
Interest receivable and similar income		5,284
Interest payable and similar charges	3	(713,351)
		<hr/>
<b>Loss on ordinary activities before taxation</b>		(743,847)
Tax on loss on ordinary activities	6	-
		<hr/>
<b>Loss for the period</b>	14	(743,847)
		<hr/>




**Balance Sheet**

at 30 April 2006

	Note	2006 £
<b>Fixed assets</b>		
Investments	7	19,798,499
<b>Current assets</b>		
Debtors	8	953,708
Cash at bank and in hand		66,570
		<hr/>
<b>Creditors:</b> Amounts falling due within one year	9	1,020,278 (3,151,786)
		<hr/>
<b>Net current liabilities</b>		(2,131,508)
		<hr/>
<b>Total assets less current liabilities</b>		17,666,991
<b>Creditors:</b> Amounts falling due after more than one year	10	(9,985,203)
<b>Provisions for liabilities and charges</b>	12	-
		<hr/>
<b>Net assets</b>		7,681,788
		<hr/>
<b>Capital and reserves</b>		
Called up share capital	13	205
Share premium account	14	8,425,430
Profit and loss account	14	(743,847)
		<hr/>
<b>Equity shareholders' funds</b>		7,681,788
		<hr/>

The financial statements were approved by the Board on 1 November 2006 and signed on its behalf by:

  
W MULLIGAN  
Director

  
P. MOORE  
Director

## Reconciliation of movements in Equity Shareholders' Funds

for the period ended 30 April 2006

	2006 £
Total recognised gains and losses	(743,847)
Dividends	-
Proceeds of equity share issues (net of expenses)	8,425,635
	<hr/>
At 30 April 2006	7,681,788
	<hr/>

# Notes to the Financial Statements

30 April 2006

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards.

### **Basis of accounting**

The financial statements are prepared under the historical cost convention.

The financial statements only present information about the company and do not contain information relating to the group as a whole. The company is not required to prepare group accounts under section 248 of the Companies Act 1985 because the group qualifies as medium-sized and is not an ineligible group.

### **Turnover**

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied.

### **Investments**

Investments in subsidiaries and participating interests are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount. Cost is purchase price including acquisition expenses, but excluding any payment for accrued interest or fixed dividend entitlement.

### **Pension scheme**

The company operates two defined contribution pension schemes, one for some directors and one for employees. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

### **Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

### **Refinancing costs**

In accordance with FRS 4, the company capitalises certain professional fees in respect of financing arrangements and amortises these over shorter of the period of the loan term or a new refinancing arrangement

## 2. OPERATING LOSS

Operating loss is arrived at after crediting:

	Period ended 30 April 2006 £
Management charge receivable from subsidiary undertaking	(288,301)

The remuneration of the auditors is borne by a subsidiary undertaking.

# Notes to the Financial Statements

30 April 2006

## 3. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 30 April 2006 £
Interest on loan notes	713,351

## 4. EMPLOYEES

The average monthly number of employees during the period was as follows;

	Period ended 30 April 2006 No
Administration	5

### Staff costs, including directors:

	Period ended 30 April 2006 £
Wages and salaries	251,167
Social security costs	28,439
Other pension costs	8,695
	288,301

## 5. DIRECTORS REMUNERATION

Remuneration of the company's directors

	Period ended 30 April 2006 £
Emoluments	199,171
Contributions to money purchase pension schemes	8,695
	207,866

In 2006, there were 5 directors accruing retirement benefits under defined contribution money purchase schemes.

# Notes to the Financial Statements

30 April 2006

## 6. TAXATION

### Taxation for the year:

Period ended  
30 April 2006  
£

#### Current tax

United Kingdom Corporation tax

NIL

### Current tax reconciliation

The current tax is lower different to the standard rate of corporation tax in the UK. A reconciliation is shown below:

Period ended  
30 April 2006  
£

Loss on ordinary activities before taxation

(743,847)

Theoretical tax at UK Corporation Tax rate of 30%

Effects of:

(223,154)

- expenditure that is not tax deductible

2,739

- timing differences not recognised as a deferred tax asset

214,005

- group relief surrendered not paid

6,410

### Actual current taxation

NIL

## 7. INVESTMENTS

Shares in  
group  
undertakings  
£

### Cost and Net Book Value

On incorporation

-

Acquisitions

19,798,499

At 30 April 2006

19,798,499

# Notes to the Financial Statements

30 April 2006

## 7. INVESTMENTS (continued)

On 31 August 2005 the company acquired 100% of the share capital of Equidebt Limited.

Shares in group undertakings comprise the following:

	Capital and reserves £	Profit for the financial year £	Group interest in ordinary shares %
Equidebt Limited	600,854	339,226	100
Sine Qua Non Services Limited *	120,417	40,891	100
Credit Ancillary Services Limited *	1	-	100
Credit Helpline Limited *	1	-	100
Speed 8758 Limited *	2	-	100

\* Held directly by Equidebt Limited.

## 8. DEBTORS

	2006 £
Called up share capital not paid	148,500
Amounts due from subsidiary undertaking	805,208
	<hr/>
	953,708
	<hr/>

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

	2006 £
Other tax and social security	115,446
Accruals and deferred income	36,340
'A' ordinary shares of 0.0001p each	3,000,000
	<hr/>
	3,151,786
	<hr/>

# Notes to the Financial Statements

30 April 2006

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	<b>2006</b>
<b>Authorised</b>	<b>£</b>
2,700,000 'A' ordinary shares of 0.0001p each	270
	<hr/>
	<b>2006</b>
<b>Allotted and fully paid</b>	<b>£</b>
2,700,000 'A' ordinary shares of 0.0001p each	270
	<hr/>

The 'A' ordinary shares were allotted for a consideration of £1.11 per share.

The 'A' ordinary shares attract cumulative dividends based on the level of loan notes in issue and the time that has elapsed since the loan notes were issued. No dividends accrue until the loan notes have been redeemed in full or part.

The 'A' ordinary shares are redeemed at par in preference to all other classes of share in the event of return of capital or liquidation.

Surplus assets and retained profits after all of the share capital has been redeemed will be paid equally to the holders of the 'A', 'B' and 'C' shares in proportion to their holdings.

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

	<b>2006</b>
	<b>£</b>
Loan notes	9,985,203
	<hr/>

The loan notes are unsecured, and attract interest at a rate of 11% per annum. The loan notes are not due for repayment before 31 August 2010, and are repayable at par.

## 11. DEBT AND FINANCE LEASE OBLIGATIONS

The company's borrowings are analysed by maturity below:

<b>Loans notes</b>	<b>2006</b>
	<b>£</b>
Less than one year	-
Two to five years	9,985,203
More than five years	-
	<hr/>
	9,985,203
	<hr/>

# Notes to the Financial Statements

30 April 2006

## 12. PROVISION FOR LIABILITIES AND CHARGES

### Deferred tax

There is no provision for deferred tax at the period end.

The unrecognised deferred tax asset is as follows:

	2006 £
Short term timing differences	214,005
	<hr/>

## 13. SHARE CAPITAL

### Authorised

1,800,000 'B' ordinary shares of 0.0001p each	180
500,000 'C' ordinary shares of 0.0001p each	50
5,000,000 unclassified ordinary shares of 0.0001p each	500
	<hr/>
	730
	<hr/>

### Allotted

1,800,000 'B' ordinary shares of 0.0001p each	180
250,000 'C' ordinary shares of 0.0001p each	25
	<hr/>
	205
	<hr/>



# Notes to the Financial Statements

30 April 2006

## 13. SHARE CAPITAL (continued)

On incorporation the authorised share capital of the company was 1,000 ordinary shares of £1 each. One subscriber share was issued on incorporation.

On 31 August 2005 the subscriber share was re-designated as 10 'B' ordinary shares of 10p each.

On the same date the remaining 999 ordinary shares of £1 each were sub-divided into 9,990 ordinary shares of 10p each; 4,990 of such shares were re-designated as 2,700 'A' ordinary shares of 10p each, 1,790 'B' ordinary shares of 10p each and 500 'C' ordinary shares of 10p each.

On 31 August 2005, 2,700 'A' ordinary shares of 10p each and 1,790 'B' ordinary shares of 10p each were allotted at par fully paid. 250 'C' ordinary shares of 10p each were allotted at par 1p paid.

On 15 December 2005, each of the 2,700 'A' ordinary shares of 10p each in the capital of the company were sub-divided into 2,700,000 'A' ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 1,800 'B' ordinary shares of 0.10p each in the capital of the company were sub-divided into 1,800,000 ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 500 'C' ordinary shares of 0.10p each in the capital of the company were sub-divided into 500,000 'C' ordinary shares of 0.0001p each in the capital of the company.

On 15 December 2005, each of the 5,000 unclassified shares of 0.10p each in the capital of the company were sub-divided into 5,000,000 unclassified shares of 0.0001p each in the capital of the company.

On 23 May 2006, the company issued a further 200,000 'C' ordinary shares of 0.0001p each.

The "A" ordinary shares are disclosed as a creditor of the company in accordance with FRS 25.

On return of capital of the company, the 'A' ordinary shares are redeemed at par first, then the 'B' ordinary shares and then the 'C' ordinary shares.

Surplus assets and retained profits after all of the share capital has been redeemed will be paid equally to the holders of 'A', 'B' and 'C' shares in proportion to their holdings.

Neither the 'B' or 'C' shares have any dividend rights, and each share of either class attracts one vote

## 14. RESERVES

	Share Premium £	Profit and loss account £
On incorporation	-	-
Loss for the period	-	(743,847)
On shares issued in period	8,513,555	-
Expenses of share issues	(88,125)	-
	<hr/>	<hr/>
At 30 April 2006	8,425,430	(743,847)
	<hr/>	<hr/>