

Company Registration No 05694526

5D Finance Limited
(formerly Precis (2592) Ltd)

**Accounts for the period from incorporation
on 1 February 2006 to 31 December 2006**

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COMPANIES HOUSE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
OFFICERS AND PROFESSIONAL ADVISERS**

Directors

R J A Duff

O J Espley (appointed 16 July 2007, resigned 18 April 2008)

W L Hodson

C M Sales (resigned 18 August 2008)

S Shamim

D A Howard (resigned 24 August 2007)

R K Howard (resigned 16 July 2007)

Colin Bell (appointed 26 September 2008)

Neil Richardson (appointed 26 September 2008)

Company secretary

W L Hodson

Registered office

402 Lana House

118 Commercial Street

London E1 6NF

Bankers

Barclays Bank plc

1 Churchill Place

London E14 5HP

Auditors

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the period from incorporation on 1 February 2006 to 31 December 2006

This directors' report has been prepared in accordance with the special provisions relating to the small companies under section 246(4) of the Companies Act 1985

ACTIVITIES AND FUTURE PROSPECTS

The company was incorporated on 1 February 2006 under the name of Precis (2592) Ltd. The name was changed to 5D Finance on 15 March 2006

The company's principal activity is the making of commercial mortgage loans. The directors do not foresee any changes to the company's business.

In the period ended 31 December 2006 the company made a loss of £736,714 and accordingly the directors do not propose to pay a dividend.

In response to the turbulence in the credit markets in late 2007, the company withdrew its then product range, and resized to reflect changed market conditions. The company will release a new product range when it believes market conditions are favourable. Meanwhile, the company continues to strengthen its proposition and is working to secure further funding.

DIRECTORS

The directors who served throughout the period are as follows

Peregrine Secretarial Services Ltd	Resigned	7 March 2006
R Duff	Appointed	22 June 2006
W Hodson	Appointed	7 March 2006
	Resigned	22 June 2006
	Re-appointed	24 October 2006
D A Howard	Appointed	24 October 2006
	Resigned	24 August 2007
R K Howard	Appointed	7 March 2006
	Resigned	22 June 2006
	Re-appointed	24 October 2006
	Resigned	16 July 2007
C Sales	Appointed	22 June 2006
S Shamim	Appointed	24 October 2006

CREDITOR PAYMENTS

The policy of the 5D Group is to agree particular terms with major suppliers and abide by those terms, subject to satisfactory performance by those suppliers. Amounts owed to other suppliers are settled in the month following the month in which a valid invoice is received.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware
- each of the directors have taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

5D Finance Limited

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed to the members

Approved by the Board of Directors and signed on behalf of the Board



W L Hodson
Director
8 October 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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,
- apply appropriate and applicable UK Accounting Standards,
- 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 that 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 5D FINANCE LIMITED

We have audited the financial statements of 5D Finance Limited for the period from incorporation on 1 February 2006 to 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2005).

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 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 judgments 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 5D FINANCE LIMITED
(Continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the period from 1 February 2006 to 31 December 2006,
- 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

Emphasis of matter – going concern

Without qualifying our opinion in this regard, we draw attention to the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern

The company incurred a net loss of £736,714 during the period ended 31 December 2006 and, as of that date, the company's current liabilities exceeded its total assets by £736,712. These conditions, along with the fact that the group will need to refinance its short term debt by September 2009, as explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors have prepared these financial statements on the going concern basis. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London, United Kingdom

8 October 2008

5D Finance Limited

PROFIT AND LOSS ACCOUNT

For the period from incorporation on 1 February 2006 to 31 December 2006

	Note	2006 £
TURNOVER		-
Operating expenses	2	(699,816)
OPERATING LOSS	3	<u>(699,816)</u>
Interest income	4	5,335
Interest payable	4	(42,233)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(736,714)</u>
Tax on loss on ordinary activities	10	-
LOSS FOR THE FINANCIAL PERIOD		<u><u>(736,714)</u></u>

All amounts relate to continuing activities

There are no recognised gains or losses other than those included above and therefore a statement of recognised gains and losses has not been presented


5D Finance Limited**BALANCE SHEET**
As at 31 DECEMBER 2006

	Note	2006 £
FIXED ASSETS		
Intangible assets	5	1,366,815
Tangible assets	6	<u>155,417</u>
		1,522,232
CURRENT ASSETS		
Cash at bank and in hand		35,644
Other current assets		44,266
Debtors due after more than one year		<u>49,501</u>
		129,411
CREDITORS: amounts falling due within one year	7	2,388,355
NET CURRENT LIABILITIES		<u>(2,258,944)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(736,712)
NET LIABILITIES		<u>(736,712)</u>
CAPITAL AND RESERVES		
Called-up share capital	8	2
Profit and loss account	9	(736,714)
SHAREHOLDERS' DEFICIT		<u>(736,712)</u>

These financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005)

These financial statements were approved and authorised for issue by the Board of Directors on 8 October 2008

Signed on behalf of the Board of Directors


W L Hodson
Director

NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on 1 February 2006 to 31 December 2006

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the period.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis.

This company has net liabilities and will depend on financial support from other group companies to meet these liabilities.

The group is in turn funded by both long and short term debt, and the short term debt will need to be renewed by September 2009. Whilst current market conditions are challenging, the directors are confident that the short term debt can be refinanced in the time available.

Notwithstanding the directors' confidence above, the 'credit crunch' and associated market turbulence mean that there must be material uncertainty over ability of the group to renew its short term funding when it falls due in September 2009 and of the availability of financial support for this company. This may cast doubt as to the company's ability to continue as a going concern and therefore it may, in the absence of other funding alternatives, be unable to realise its assets and discharge its liabilities in the normal course of business.

Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is five years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are depreciated to write off their cost, less estimated residual value, in equal instalments over their estimated useful lives which are considered to be:

Short-term leasehold improvements	term of the lease
IT hardware and software	3 years
Fixtures and fittings	10 years

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the company's taxable profits and its results as stated in the financials that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on 1 February 2006 to 31 December 2006

Pension costs

The company contributes to employees' personal pension schemes. Contributions are charged to the profit and loss account as they become payable. The assets of the schemes are held independently of the company by insurance companies.

Policy on payment of creditors

The company's policy is to pay creditors on receipt of invoices and within the creditors' contract terms.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a cash flow statement on the basis that the company is a small company.

2 DIRECTORS' REMUNERATION AND TRANSACTIONS

	2006
	£
Directors' remuneration	
Emoluments	92,243
Company contributions to money purchase schemes	2,373
	No.
The number of directors who:	
Are members of a money purchase pension scheme	3

	2006
	£
Remuneration of the highest paid director	
Emoluments	37,500
Company contributions to money purchase schemes	1,125

3 OPERATING LOSS

Operating loss is stated after charging:

	2006
	£
Depreciation of fixed assets	18,783
Amortisation of intangible assets	71,938
Auditors' remuneration for audit of the company's accounts	<u>21,150</u>

4 INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	2006
	£
Interest income on loan to 3 rd party	5,335
Interest payable on intra-group loans	<u>42,233</u>
Net interest	<u>36,898</u>

NOTES TO THE FINANCIAL STATEMENTS**For the period from incorporation on 1 February 2006 to 31 December 2006****5 INTANGIBLE FIXED ASSETS**

	Goodwill £
Cost	
At 1 February 2006	-
Additions in period	1,438,753
At 31 December 2006	<u>1,438,753</u>
Accumulated amortisation	
At 1 February 2006	-
Charge in period	71,938
At 31 December 2006	<u>71,938</u>
Net book value	
At 31 December 2006	<u>1,366,815</u>

The directors consider that the goodwill was not impaired at 31 December 2006. However, as a result of the group acquiring InterBay Funding Ltd in August 2008 and consolidating all activities under that brand, the directors have consequently written off the remaining goodwill as at 31 December 2007.

6 TANGIBLE FIXED ASSETS

	Total £
Cost	
At 1 February 2006	-
Additions in period	174,200
At 31 December 2006	<u>174,200</u>
Accumulated depreciation	
At 1 February 2006	-
Charge in year	18,783
At 31 December 2006	<u>18,783</u>
Net book value	
At 31 December 2006	<u>155,417</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on 1 February 2006 to 31 December 2006

7 CREDITORS: amounts falling due within one year

	2006
	£
Trade creditors	278,904
Amounts owed to group undertakings	1,932,015
Other taxes and social security	88,369
Accruals and deferred income	89,067
	<u>2,388,355</u>

8 CALLED-UP SHARE CAPITAL

	2006
	£
Authorised	
Ordinary shares of £1 each	100
Called-up, allotted and fully paid	
Ordinary shares of £1 each	2

	2006
	£
Ordinary shares	
Balance at 1 February 2006	-
Shares issued	2
Balance at 31 December 2006	<u>2</u>

9 STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £
At 1 February 2006	-
Loss for the period	(736,714)
At 31 December 2006	<u>(736,714)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period from incorporation on 1 February 2006 to 31 December 2006

10 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the period

	2006 £
UK corporation tax charge at 30%	-
	-

(b) Factors affecting the tax charge for the period

	2006 £
Loss on ordinary activities before tax	(736,714)
Tax credit at 30%	(221,014)
Effect of	
Depreciation in excess of capital allowances	(13,592)
Tax losses not recognised as deferred tax assets	234,606
Current tax charge for the period	-

11 RELATED PARTY TRANSACTIONS

Mr R K Howard and Mr D A Howard were the sole partners in Bayonet Ventures LLP

During the year Bayonet Ventures LLP received loans totalling £306,557 from the Company and paid interest to the Company of £5,335. The interest rate on the loans was 7%, which was comparable to the rate charged on another loan received by Bayonet Ventures LLP from an independent third party during the same period. The loan and interest were repaid in full on 24 October 2006.

On the 24 October 2006, 5D Finance Limited acquired the business and assets of Bayonet Ventures LLP for £1,550,299 comprising £1,438,753 of goodwill, £61,000 of fixed assets and £50,546 of other assets.

12 CONTROLLING PARTY

The intermediate parent company is 5D Financial Limited, a company incorporated in the United Kingdom.

In the opinion of the directors, the ultimate controlling party is CS Capital Partners II, LP.

CS Capital Partners II LP does not consolidate 5D Finance Limited.