Financial Statements
Perfect Home Finance Limited

For the year ended 3 April 2011

Company No. 6020013

Company information

Company registration number	6020013
Registered office	The Lodge Coleshill Manor Coleshill West Midlands B46 1DL
Directors	J R Clark M W Cooper A M Smith M J Sweetland
Secretary	A M Smith
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Enterprise House 115 Edmund Street Birmingham B3 2HJ
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2EP

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 3 April 2011

Principal activities

The principal activity of the company during the year was that of a holding company

Business review

The loss for the financial year amounted to £7,283,079 (2010 £25,896,291) The directors have prudently provided against amounts owed by subsidiary undertakings The repayments of these balances are expected to be made following a group restructuring or sale although until the shape of such a transaction is clear it cannot be certain that these balances would be repaid in full The loss for the year reflects this provision The directors are unable to recommend a dividend

Key performance indicators

Interest payable
The company monitors the level of interest payable and ensures that it is recharged to the appropriate group undertakings The interest charge has increased by 23 6% to £8,880,191

Principal risks and uncertainties

The directors are of the opinion that Perfect Home Finance Limited has adopted a thorough risk management process that involves the formal review of all the risks identified below The board monitors and reviews risks in order to mitigate each risk area on a regular basis in order to assess its impact

Financing
During the year the company continued to draw down its facility with CS Partners III L P The company has negotiated an additional facility of £9 million which will be drawdown during the year ended 31 March 2012 The Directors believe that adequate funding is in place for the company to trade for the 12 months from the date of approving these accounts This facility is due for repayment on 13 December 2013 and steps will be taken to obtain funding at that time

Financial risk management objectives and policies

The company's principal financial instruments comprise cash at bank, deep discount bonds and other loans The main purpose of these financial instruments is to raise finance for the company's and its subsidiaries' operations The company does not enter into derivative transactions

It is, and has been throughout the year under review, the company's policy that no trading in financial instruments shall be undertaken The main risks arising from the company's financial instruments are liquidity risk, interest rate risk, credit risk and currency risk

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably
The company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from shareholders and hire purchase contracts

Interest rate risk
The company finances its operations through borrowings with the majority of interest charges being rolled up in to debt The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

Credit risk
The company only advances funds to group undertakings

Report of the directors (continued)

The directors

The directors who served the company during the year are set out below

J R Clark
M W Cooper
A M Smith
M J Sweetland

During the financial year, Perfect Home Holdings Limited arranged third party indemnity insurance for the benefit of the directors

Directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 2006 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with section 485 of the Companies Act 2006

BY ORDER OF THE BOARD

A M Smith
Secretary
Date 5 July 2011

Companv registration number 6020013

Grant Thornton

Report of the independent auditors to the members of Perfect Home Finance Limited

We have audited the financial statements of Perfect Home Finance Limited for the year ended 3 April 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor's 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 director and auditor
As explained more fully in the Director's Responsibilities Statement set out on page 4, 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 and express an opinion on 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 website at www frc org uk/apb/scope/private cfm

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 3 April 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Report of the independent auditors to the members of Perfect Home Finance Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

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

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

6/7/14

Principal accounting policies

Basis of accounting

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

The company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

Going concern

The directors have prepared group forecasts for the period ending 31 March 2017 which show a funding requirement during the period ended 31 July 2012 within the full facility provided by the significant shareholder of £55 million The deep discount bonds are due to be repaid on 13 December 2013 The forecasts prepared by the group demonstrate that the facility made available by the majority shareholder provides sufficient funding to support the group's current business plan for the next twelve months However, additional loan finance may be sought in order to finance accelerated growth, in which case an amended business plan would be adopted in line with the finance raised The current expansion plans backed by the significant shareholder means that the group will have insufficient funds to repay the bonds on the due date Alternative funding will be sought in advance of the deep discount bonds becoming due for repayment

The principal accounting policies of the company are set out below

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent company publishes a consolidated cash flow statement

Related parties transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the group on the grounds that the company is a wholly owned subsidiary and its results are consolidated within Perfect Homes Holdings Limited for which accounts are publicly available

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off

Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Deep discount bonds

The discount from nominal value on issue of bonds is charged to the profit and loss account over the life of the investment to the earliest date that holders may redeem their bonds The unwinding of the discount is shown within net interest

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	2011 £	2010 £
Turnover		-	-
Other operating charges		(61)	-
Exceptional provision against inter company balances		(7,349,999)	(25,847,426)
Operating loss	1	**(7,350,060)**	(25,847,426)
Interest receivable	2	8,947,141	7,137,724
Interest payable and similar charges	3	(8,880,160)	(7,186,589)
Loss on ordinary activities before taxation		**(7,283,079)**	(25,896,291)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	12	**(7,283,079)**	(25,896,291)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Investments	5	**1**	1
Current assets			
Debtors due after more than one year	6	**36,041,623**	32,244,510
Cash at bank and in hand		**10**	42
		36,041,633	32,244,552
Creditors: amounts falling due within one year	7	**(269,800)**	(269,800)
Net current assets		**35,771,833**	31,974,752
Total assets less current liabilities		**35,771,834**	31,974,753
Creditors: amounts falling due after more than one year	8	**(69,151,011)**	(58,070,851)
Net liabilities		**(33,379,177)**	(26,096,098)
Capital and reserves			
Share capital	11	**-**	-
Profit and loss account	12	**(33,379,177)**	(26,096,098)
Deficit to equity shareholders' funds	13	**(33,379,177)**	(26,096,098)

These financial statements were approved by the directors on 5 July 2011 and are signed on their behalf by

J R Clark
Director

Notes to the financial statements

1 Operating loss

No directors or employees are remunerated through the company Audit fees are borne by other group companies

2 Interest receivable

	2011	2010
	£	£
Interest receivable from group undertakings	**8,947,141**	7,137,724
	8,947,141	7,137,724

3 Interest payable and similar charges

	2011	2010
	£	£
Interest on loans	**83,665**	72,529
Unwinding of discount on bonds	**8,791,377**	7,108,900
Loan issue costs	**5,118**	5,118
Bank charges	**-**	41
	8,880,160	7,186,589

4 Taxation on loss on ordinary activities

No taxation charge arose on the result for the year

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 28% (2010 28%) The difference is explained below

	2011	2010
	£	£
Loss on ordinary activities before taxation	**(7,283,079)**	(25,896,291)
Loss on ordinary activities multiplied by the standard rate of tax	**(2,039,262)**	(7,250,961)
Charges not subject to taxation	**2,058,000**	7,237,279
Tax losses carried forward	**-**	13,682
Tax losses utilised	**(15,572)**	-
Group relief	**(3,166)**	
Total current tax	**-**	-

The company has excess loan relationship debits amounting to £177,000 (2010 £244,000) that are available for future relief No deferred taxation asset has been provided in respect of these debits as the directors believe that the amount that will be utilised in the foreseeable future cannot be estimated with any degree of certainty

Notes to the financial statements (continued)

5 Investments

Shares in subsidiary undertakings

	£
Cost and net book value	
At 28 March 2010 and 3 April 2011	1

The company owns 100% of the issued share capital of the companies listed below

Company	Nature of activities	Country of registration or incorporation	Class	% Shares held
Temple Retail Limited	Retail and wholesale	UK	Ordinary shares	100%
Temple Finance Limited*	Provision of finance and retail	UK	Ordinary shares	100%
Coleshill Financial Services Limited*	Dormant	UK	Ordinary shares	100%
Coleshill Holdings Limited*	Intermediate holding company	Malta	Ordinary shares	100%

* Denotes shares held by a subsidiary undertaking

Coleshill Holdings Limited has a beneficial interest in a protected cell within Atlas Insurance PCC Limited, a company registered in Malta The cell provides insurance on behalf of the group

6 Debtors

Due after more than one year	2011 £	2010 £
Amounts owed by group undertakings	**36,041,623**	32,244,510

7 Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts due to group undertakings	**269,800**	269,800

8 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bonds and loans (note 9)	**69,151,011**	58,070,851

Notes to the financial statements (continued)

9 Borrowings

Borrowings are repayable as follows

	2011	2010
	£	£
Amounts payable between two and five years		
Bonds and loans		
Capital	**46,100,000**	43,900,000
Interest	**23,051,011**	14,170,851
	69,151,011	58,070,851

Loan stock was issued throughout the year at par and all loans are redeemable on 13 December 2013 The loan stock is in the form of deep discount bonds and is unsecured Interest is compounded at a rate of 15% Issue costs of £35,835 are being amortised over the term of the debt, of which £5,118 (2010 £5,118) was charged to the profit and loss account

10 Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirements of FRS 8 to disclose transactions with wholly owned members of the group headed by Perfect Home Holdings Limited

The company had outstanding loan balances with directors The loan balances are as follows

	2011	2010
	£	£
M J Sweetland	**140,000**	140,000
M W Cooper	**105,000**	105,000
A M Smith	**105,000**	105,000

Interest is accrued in line with the loan agreement and is disclosed together with the capital balance in note 8 The interest accrual at 3 April 2011 was £289,394 (2010 £206,548) Interest totalling £83,665 (2010 £72,529) was charged to the profit and loss account during the year

The company also borrowed funds from CS Partners III L P , a company connected with the ultimate controlling party, Cabot Square Capital Nominee Limited

At 3 April 2011, the company owed £45,750,000 (2010 £43,550,000) together with rolled up interest of £22,775,371 (2010 £13,983,175) to CS Partners III L P Interest is accrued in line with the loan agreement and is disclosed together with the capital balance in note 8 Interest totalling £8,791,377 (2010 £7,108,901) was charged to the profit and loss account during the year

Notes to the financial statements (continued)

11 Share capital

Authorised share capital:

	2011	2010
	£	£
100,000 Ordinary shares of £0 01 each	**1,000**	1,000

Allotted, called up and fully paid·

	2011		2010	
	No	£	No	£
Ordinary shares of £0 01 each	1	-	1	-

12 Profit and loss account

	2011	2010
	£	£
Balance brought forward	**(26,096,098)**	(199,807)
Loss for the financial year	**(7,283,079)**	(25,896,291)
Balance carried forward	**(33,379,177)**	(26,096,098)

13 Reconciliation of movements in equity shareholders' deficit

	2011	2010
	£	£
Loss for the financial year	**(7,283,079)**	(25,896,291)
Opening shareholders' deficit	**(26,096,098)**	(199,807)
Closing shareholders' deficit	**(33,379,177)**	(26,096,098)

14 Contingent liabilities

There were no contingent liabilities at 3 April 2011 or 28 March 2010

15 Ultimate controlling party

The company is a subsidiary of Perfect Home Holdings Limited which is the ultimate parent undertaking incorporated in England and Wales Copies of the group accounts are publicly available

The ultimate controlling party is Cabot Square Capital Nominee Limited