



Grant Thornton

# Financial Statements

## Perfect Home Finance Limited

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For the period ended 31 March 2012

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COMPANIES HOUSE

Registered number: 6020013



**Perfect Home Finance Limited**

## Company Information

<b>Directors</b>	J R Clark M W Cooper A M Smith M J Sweetland
<b>Company secretary</b>	A M Smith
<b>Company number</b>	6020013
<b>Registered office</b>	The Lodge Coleshill Manor Coleshill West Midlands B46 1DL
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
<b>Bankers</b>	Barclays Bank Plc 15 Colmore Row Birmingham B3 2EP



**Perfect Home Finance Limited**

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## **Directors' Report**

**For the period ended 31 March 2012**

The directors present their report and the financial statements for the period ended 31 March 2012

### **Principal activities**

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

### **Business review**

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.

### **Results**

The loss for the period, after taxation, amounted to £6,276,323 (2011 loss £7,283,079)

### **Directors**

The directors who served during the period were

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

### **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.

## Directors' Report

For the period ended 31 March 2012

### Principal risks and uncertainties

#### Risk management

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 LP. The company had negotiated an additional facility of £9 million in the year ended 31 March 2012.

In October 2011, the company raised loan stock to the value of £10 million from Aaron's Inc, a group shareholder. This allowed that part of the additional £9 million facility above that had been drawn at that time to be repaid.

On 16 July 2012 the company arranged a revolving credit facility of up to £12 million with Burdale Financial Limited, a subsidiary of Wells Fargo Bank. The Directors believe that adequate funding is in place for the group to trade for the 12 months from the date of approving these accounts.

### 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 £9,365,262 (2012 £8,880,160).

### Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

### Directors' responsibilities statement

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 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). 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,

## **Directors' Report**

**For the period ended 31 March 2012**

- 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 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.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 November 2012 and signed on its behalf



A M Smith  
Secretary

## Independent Auditor's Report to the Members of Perfect Home Finance Limited

We have audited the financial statements of Perfect Home Finance Limited for the period ended 31 March 2012, which comprise 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 directors and auditor**

As explained more fully in the directors' responsibilities statement, 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 31 March 2012 and of its loss for the period 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Perfect Home Finance Limited

### **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

A handwritten signature in black ink, appearing to read "David White".

David White (senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Birmingham

15 November 2012



## Profit and Loss Account

For the period ended 31 March 2012

	Note	2012 £	2011 £
Other operating charges		(35)	(61)
Exceptional provision against inter company balances		<u>(6,246,631)</u>	<u>(7,349,999)</u>
<b>Operating loss</b>	2	<b>(6,246,666)</b>	<b>(7,350,060)</b>
Interest receivable and similar income	4	9,335,605	8,947,141
Interest payable and similar charges	5	<u>(9,365,262)</u>	<u>(8,880,160)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(6,276,323)</b>	<b>(7,283,079)</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Loss for the financial period</b>	12	<b><u>(6,276,323)</u></b>	<b><u>(7,283,079)</u></b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

## Balance Sheet

As at 31 March 2012

	Note	£	31 March 2012 £	£	3 April 2011 £
<b>Fixed assets</b>					
Investments	7		1		1
<b>Current assets</b>					
Debtors due after more than one year	8	48,791,407		36,041,623	
Cash at bank		48		10	
		<u>48,791,455</u>		<u>36,041,633</u>	
<b>Creditors</b> amounts falling due within one year	9	-		(269,800)	
<b>Net current assets</b>			<u>48,791,455</u>		<u>35,771,833</u>
<b>Total assets less current liabilities</b>			<u>48,791,456</u>		<u>35,771,834</u>
<b>Creditors:</b> amounts falling due after more than one year	10		<u>(88,446,956)</u>		<u>(69,151,011)</u>
<b>Net liabilities</b>			<u><u>(39,655,500)</u></u>		<u><u>(33,379,177)</u></u>
<b>Capital and reserves</b>					
Profit and loss account	12		<u>(39,655,500)</u>		<u>(33,379,177)</u>
<b>Deficit to equity shareholders' funds</b>	13		<u><u>(39,655,500)</u></u>		<u><u>(33,379,177)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2012

  
J R Clark  
Director

The notes on pages 8 to 14 form part of these financial statements

# Notes to the Financial Statements

For the period ended 31 March 2012

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

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

The company is itself 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.

### 1.2 Going concern

The Perfect Home Holdings group has in place facilities from its major shareholders of £56 million in loan notes due on 31 December 2014. On 16 July 2012 the group arranged new facilities with Burdale Financial Limited of £12 million repayable in three years' time. The directors have prepared group forecasts which show that these facilities are sufficient to support the group's current business plan for the next 12 months.

Whilst outside the forecast period, the directors will seek to refinance the loans notes and new facilities in the period prior to their repayment date.

### 1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

### 1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### 1.5 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.

# Notes to the Financial Statements

For the period ended 31 March 2012

## 1. Accounting Policies (continued)

### 1.6 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.

## 2. Operating loss

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

## 3. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2011 £NIL).

## 4. Interest receivable

	2012 £	2011 £
Interest receivable from group undertakings	9,335,605	8,947,141

## 5. Interest payable

	2012 £	2011 £
Interest on loans	14,222	83,665
Loan issue costs	25,388	5,118
Unwinding of discount on bonds	9,325,652	8,791,377
	9,365,262	8,880,160

# Notes to the Financial Statements

For the period ended 31 March 2012

## 6. Taxation

No taxation arose on the result for the year

### Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(6,276,323)	(7,283,079)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(1,631,844)	(2,039,262)
Effects of:		
Charges not subject to taxation	1,631,844	2,058,000
Tax losses utilised	-	(15,572)
Group relief	-	(3,166)
Current tax charge for the period/year (see note above)	-	-

The company has excess loan relationship debits amounting to £188,000 (2011 £177,000) 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

## 7. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 4 April 2011 and 31 March 2012	1
Net book value	
At 31 March 2012	1
At 3 April 2011	1

# Notes to the Financial Statements

For the period ended 31 March 2012

## 7. Fixed asset investments (continued)

### Subsidiary undertakings

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

Name	Class of shares	Holding
Temple Retail Limited	Ordinary shares	100%
Temple Finance Limited*	Ordinary shares	100%
Coleshill Financial Services Limited*	Ordinary shares	100%
Coleshill Holdings Limited*	Ordinary shares	100%

Name	Business	Registered office
Temple Retail Limited	Retail and wholesale	UK
Temple Finance Limited*	Provision of finance and retail	UK
Coleshill Financial Services Limited*	Dormant	UK
Coleshill Holdings Limited*	Intermediate holding company	Malta

\* 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.

## 8. Debtors

	31 March 2012 £	3 April 2011 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>48,791,407</u>	<u>36,041,623</u>

## 9. Creditors:

### Amounts falling due within one year

	31 March 2012 £	3 April 2011 £
Amounts owed to group undertakings	<u>-</u>	<u>269,800</u>

# Notes to the Financial Statements

For the period ended 31 March 2012

## 10. Creditors:

### Amounts falling due after more than one year

	31 March 2012 £	3 April 2011 £
Bonds and loan notes	88,446,956	69,151,011

Creditors include amounts not wholly repayable within 5 years as follows

	31 March 2012 £	3 April 2011 £
Repayable other than by instalments	88,446,956	69,151,011

## Borrowing

Borrowings are repayable as follows

Amounts payable between two and five years

	2012 £	2011 £
Bonds and loans	-	-
Capital	56,349,870	46,100,000
Interest	32,235,820	23,064,765
Arrangement fees	(138,734)	(13,754)
Total	88,446,956	69,151,011

As described in the Directors report, during the year the Group issued loan stock of £10,249,870. All bonds and loans carry a 10% coupon and are repayable in December 2014. Issue costs of £150,000 are being amortised over the term of the debt of which £20,270 was charged to the profit and loss account.

## 11. 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:

	2012 £	2011 £
M J Sweetland	140,000	140,000
M W Cooper	105,000	105,000
A M Smith	105,000	105,000

# Notes to the Financial Statements

For the period ended 31 March 2012

## 11. Related party transactions (continued)

Interest is accrued in line with the loan agreement and is disclosed together with the capital balance in note 15. The interest accrual at 31 March 2012 was £369,303 (2011 £289,394). Interest totaling £79,909 (2011 £83,665) 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 31 March 2012, the company owed £46,000,000 (2011 £45,750,000) together with rolled up interest of £31,414,974 (2011 £22,775,371) 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 15. Interest totaling £8,639,603 (2011 £8,791,377) was charged to the profit and loss account during the year.

The company borrowed £9,999,870 from Aaron's Inc, a shareholder, as detailed in the Directors' report. At 31 March 2012 the group owed £9,999,870 together with rolled up interest of £451,175.

## 12. Reserves

	Profit and loss account £
At 4 April 2011	(33,379,177)
Loss for the period	(6,276,323)
	<hr/>
At 31 March 2012	<u>(39,655,500)</u>

## 13. Reconciliation of movement in shareholders' deficit

	31 March 2012 £	3 April 2011 £
Opening shareholders' deficit	(33,379,177)	(26,096,098)
Loss for the period/year	(6,276,323)	(7,283,079)
	<hr/>	<hr/>
Closing shareholders' deficit	<u>(39,655,500)</u>	<u>(33,379,177)</u>

## 14. Share capital

The company has allotted, called up and fully paid ordinary share capital of 1, 1p share.

## 15. Contingent liabilities

There were no contingent liabilities at 31 March 2012 or 3 April 2011.



# Notes to the Financial Statements

For the period ended 31 March 2012

## **16. Ultimate parent undertaking and 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.