Company Registration No. 1715185

Commercial Acceptances Limited

Report and Financial Statements

31 July 2009

Commercial Acceptances Limited

Report and financial statements 2009

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Commercial Acceptances Limited

Directors' report

The directors present their report and financial statements for the year ended 31 July 2009.

Principal activities

The company's principal activity is that of a short-term property financier.

Review of the business

The ultimate parent undertaking is Close Brothers Group Plc ("CBG"), which is a listed company registered in England and Wales.

The results for the year are set out on page 7. The company recorded a profit after tax for the year of £805,386 (5 months ended 31 July 2008: £588,754).

The availability of property finance has evaporated as a result of the exit of sub prime lenders from the market. As a result we have been more selective during the last twelve months and have focused the thrust of our business on the marketability, liquidity and demand of the properties we take in charge. We have concentrated our business model within the Greater London area and South East where we consider the market to be more buoyant. Notwithstanding the increase in cost of funds, we are confident that we will continue to grow the loan book organically and have a positive year and a healthy growth in profits.

The board monitors progress on the performance of the company by reference to the following KPIs:

	Year ended July 2009	5 months ended July 2008
Growth in net loan book	61%	0.75%
Interest margin	72%	75%

As at 31 July 2009, the loan book was £29.5m (31 July 2008: £18.3m). The closing loan book balance includes £4m of loans which were transferred into the company from Commercial Acceptances (UK) Limited, a group entity which has ceased trading. We consider this level to be maintained over the next 12 months.

Going Concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Dividends

The directors do not recommend payment of a dividend (2008: £nil).

Future developments

Our plan is to hold our present position and to be poised to take advantage when the uncertainty of the property market settles. The directors will also continue to seek opportunities to grow the loan book.

Commercial Acceptances Limited

Directors' report

Principal risks and uncertainties

Credit risk

Credit risk is the possibility of loss from non-performing loans. Our loan book is short-term and the principal focus in our underwriting is the quality of security offered. The loan book is largely concentrated in the South East of England. We adhere to standard Close Brothers Group (CBG) policy of not lending to customers of other lending subsidiaries to avoid multiple risk exposures to one party. Our lending is closely controlled by the directors and there is a clearly defined approval policy for new loans. The directors constantly monitor the market and lending criteria is adapted as deemed appropriate to reflect prevailing market conditions.

Market risk

Market risk is the risk of loss through a fall in property values. We lend against a defined 90-day market value to reduce our exposure. Our loans are short-term and most of our security is situated in South East of England and in the main comprises existing properties that can be liquidated quickly. The directors closely monitor the loan book and are well positioned to react to declines in property values.

Interest rate risk

Interest rate risk is the risk in the event of a rise or fall in interest rates. Our loans are now charged over LIBOR and the cost of any increase in rates is passed to the borrower. Rates are currently low and whilst the directors believe that any increase in interest rates will be carefully managed and that the property market has already readjusted, they recognise that there may still be a detrimental impact both on property values and business levels.

Liquidity risk

Liquidity risk is the risk of not being able to meet our liabilities as and when they fall due. The directors are satisfied that we are capitalised to meet our ongoing business and regulatory requirements. The directors closely monitor the operations of the business and this mitigates the risk.

Directors

The directors who served throughout the year were as follows:

L B Brown
D A Hertz
F Pennal
R Berrett

Directors' report

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

L B Brown
Director

24 September 2009

Commercial Acceptances Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 judgements and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose withreasonable 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.

Independent auditors' report to the members of Commercial Acceptances Limited

We have audited the financial statements of Commercial Acceptances Limited for the year ended 31 July 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 sections 495 and 496 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 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

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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Independent auditors' report to the members of Commercial Acceptances Limited (continued)

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 July 2009 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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 audt.

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
24 September 2009

Commercial Acceptances Limited

Profit and loss account
For the year ended 31 July 2009

	Notes	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
Turnover – interest income		3,173,367	1,419,775
Interest payable and similar charges	5	(894,795)	(355,028)
Net interest income		2,278,572	1,064,747
Administrative expenses		(1,585,893)	(302,649)
Investment income	3	287,714	-
Other operating income		56,498	-
Interest receivable and similar income	4	1,346	25,571
Operating profit on ordinary activities before taxation	2	1,038,237	787,669
Tax on profit on ordinary activities	6	(232,851)	(198,915)
Profit on ordinary activities after taxation	14, 15	805,386	588,754

All amounts have been derived from continuing operations in the current and prior period. All turnover is derived in the United Kingdom.

There are no recognised gains or losses other than those passing through the profit and loss account for thecurrent and prior period and therefore no statement of recognised gain and losses is presented.

Commercial Acceptances Limited

Balance sheet
As at 31 July 2009

	Notes	31 July 2009 £	31 July 2008 £
Fixed assets			
Tangible assets	7	-	9,000
Other investments	8	-	50
		-	9,050
Current assets			
Loans and receivables	9	29,556,000	18,340,267
Debtors	10	1,335,533	695,155
Cash at bank and in hand		-	209,219
		30,891,533	19,244,641
Creditors: amounts falling due within one year	11	(22,415,498)	(11,583,042)
Net current assets		8,476,035	7,661,599
Total assets less current liabilities		8,476,035	7,670,649
Capital and reserves			
Called up share capital	13	750,000	750,000
Other reserves	14	750,000	750,000
Profit and loss account	14	6,976,035	6,170,649
Shareholders' funds – equity interests	15	8,476,035	7,670,649

These financial statements were approved by the Board and authorised for issue on 24 September 2009.

L B Brown
Director

Notes to the accounts
For the year ended 31 July 2009

1. **Accounting policies**

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding period. All operations relate to the company's principal activity.

Basis of preparation

The company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the company should be able to operate within the level of its current facilities. The company expects to continue to receive funding from its ultimate parent company

As a consequence the directors have a reasonable expectation that the company have adequate resources to continue its operational existence for the foreseeable future. Accordingly they continue to adopt the going concern bases in preparing the annual report and accounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	20% per annum on cost

Other investments

Other investments represents investments in associate subsidiaries which are stated at cost less provision for diminution in value.

Cash flow statement

Under paragraph 5(a) of Financial Reporting Standard ("FRS") 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled by a group company which includes the company in its own published financial statements.

Turnover

Turnover comprises interest income recognised by applying the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allotting interest income over the relevant period. The effective interest rate is the rate that exactly discounts expected future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

Commercial Acceptances Limited

Notes to the accounts
For the year ended 31 July 2009

1. **Accounting policies (continued)**

Taxation

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

Deferred taxation 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, tax, with the following exceptions that:

a) 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; and

b) deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, the Company measure the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition. Impairment losses are assessed individually for financial assets that are individually significant.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are measured at amortised cost using the effective interest method or at fair value.

A financial liability is classified as held for trading if it is incurred principally for the purpose of selling in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative. Held for trading financial liabilities are measured at fair value with gains and losses recognised in profit or loss as they arise. Financial liabilities that the Company designates as being at fair value are measured at fair value with gains and losses recognised in profit or loss as they arise.

Commercial Acceptances Limited

Notes to the accounts
For the year ended 31 July 2009

1. **Accounting policies (continued)**

Financial liabilities may be designated as at fair value through profit or loss only if such designation relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract. All other financial liabilities are measured at amortised cost using the effective interest method.

Fair value for a net open position in a financial liability that is quoted in an active market is the current offer price times the number of units of the instrument held or issued. Fair values for financial liabilities not quoted in an active market are determined using appropriate valuation techniques including discounting future cash flows, option pricing models and other methods that are consistent with accepted economic methodologies for pricing financial liabilities.

Interest payable

Interest payable represents interest paid on loans and overdraft balances.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. **Profit on ordinary activities before taxation**

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible assets	2,942	1,968
Fees payable to the company's auditor for the audit of the company's annual accounts	46,511	13,750
Loss and disposal of tangible assets	6,059	-

3. **Investment Income**

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
Income from fixed asset investments	287,714	-
	287,714	-

Commercial Acceptances Limited

Notes to the accounts
For the year ended 31 July 2009

4. Interest receivable and similar income

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
From group companies	657	20,948
From banks	689	3,315
Other interest	-	1,308
	1,346	25,571

5. Interest payable and similar charges

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
On bank loans and overdrafts	-	32,603
On parent and associated company loans	894,795	322,425
	894,795	355,028

6. Taxation

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
The tax charge comprises:		
UK corporation tax	197,109	220,632
Prior year adjustments	13,177	(17,495)
Current tax charge	210,286	203,137
Deferred tax		
Short-term timing differences (note 13)	22,565	(4,222)
	232,851	198,915

Commercial Acceptances Limited

Notes to the accounts
For the year ended 31 July 2009

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
6. Taxation (continued)		
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,038,237	787,669
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (5 months ended 31 July 2008 – 1 month 30% and 4 months 28%)	290,706	223,698
Effects of:		
Non-deductible expenses	(9,529)	3,734
Depreciation add back	824	559
Capital allowances	(4,170)	(1,410)
Other tax adjustments	(80,722)	(5,949)
Prior-year tax adjustments	13,177	(17,495)
	(80,420)	(20,561)
Current tax charge	210,286	203,137

7. Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 August 2008	225,847
Disposal in year	(225,847)
	-
Depreciation	
At 1 August 2008	216,847
Charge for the year	2,942
Disposal in year	(219,789)
At 31 July 2009	-
Net book value	
At 31 July 2009	-
At 31 July 2008	9,000

Commercial Acceptances Limited

Notes to the accounts
For the year ended 31 July 2009

8. Other investments

	31 July 2009 £	31 July 2008 £
Cost		
As at 1 August 2008	50	50
Disposals	(50)	-
As at 31 July 2009	-	50

Holdings of more than 20%
The company held more than 20% of the shares capital of the following companies:

Company	Class	Principal business activity	Shares held and voting rights %
Participating interests			
Handf Acceptances Limited	Ordinary	Short-term financing	50%

The company is incorporated in Great Britain, registered in England and Wales.

Sale of subsidiary undertaking

On 7 July 2009, Handf Acceptances Limited was liquidated. The company received back the value of its investment in Handf Acceptances Limited.

9. Loans and receivables

	31 July 2009 £	31 July 2008 £
Loans and receivables	30,381,914	18,443,484
Provision for bad debts	(825,914)	(103,217)
	29,556,000	18,340,267

Loans and receivables are collaterised by way of legal mortgage over real estate.

Provisions for bad debts are recognised following default by borrowers where the expected discounted cash flows for the loans are below the carrying amount of the loans.

Notes to the accounts
For the year ended 31 July 2009

10. Debtors

	31 July 2009 £	31 July 2008 £
Prepayments and accrued income	1,316,036	653,093
Deferred tax asset (see note 12)	19,497	42,062
	1,335,533	695,155

11. Creditors: amounts falling due within one year

	31 July 2009 £	31 July 2008 £
Bank loans and overdrafts	6,601	-
Amounts owed to parent company	21,988,335	10,243,916
Corporation tax	97,829	220,616
Other taxes and social security costs	20,161	23,883
Amounts owed to participating interests	1,551	752,485
Accruals and deferred income	301,021	342,142
	22,415,498	11,583,042

12. Deferred tax asset

The deferred tax asset (included in debtors, note 10) is made up as follows:

	31 July 2009 £	31 July 2008 £
Profit and loss account	22,565	(4,222)
Movement during the year		
Deferred tax asset at start of year	42,062	37,840
Deferred tax (credit)/chg in profit and loss account for the year	(22,565)	4,222
Deferred tax asset at end of period	19,497	42,062

Notes to the accounts
For the year ended 31 July 2009

13. Called up share capital

	31 July 2009 £	31 July 2008 £
Authorised		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called up and fully paid		
750,000 ordinary shares of £1 each	750,000	750,000

14. Statement of movements on profit and loss account

	Profit and Loss account £
Balance at 1 August 2008	6,170,649
Profit for the year	805,386
Balance at 31 July 2009	6,976,035
Other reserves	
Capital redemption reserve	
Balance at 1 August 2008 and 31 July 2009	750,000

15. Reconciliation of movements in shareholders' funds

	31 July 2009 £	31 July 2008 £
Profit for the financial year	805,386	588,754
Net increase in shareholders' funds	805,386	588,754
Opening shareholders' funds	7,670,649	7,081,895
Closing shareholders' funds	8,476,035	7,670,649

Notes to the accounts
For the year ended 31 July 2009

16. Directors' emoluments

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
Emoluments for qualifying services	60,420	64,374

17. Employees

Number of employees

There were no employees during the period apart from the Directors. Staff who perform services on behalf of the company are remunerated by Commercial Acceptances Group Limited, the immediate parent company.

	Year ended 31 July 2009 £	5 months ended 31 July 2008 £
Administration	-	1

Employment costs

	£	£
Wages and salaries	60,420	82,359
Social Security costs	9,418	2,788
Pension contributions	16,000	-
	85,838	85,147

18. Control

The company is a wholly-owned subsidiary of Commercial Acceptances Group Limited, a company incorporated in Great Britain and registered in England and Wales. Close Brothers Limited is the smallest group into which the results of the company are consolidated. Copies of the financial statements of Close Brothers Limited are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The company's ultimate parent is Close Brothers Group Plc, a company incorporated in Great Britain and registered in the England and Wales. Close Brother Group Plc also prepares group financial statements. This is the largest group into which the results of the company are consolidated.

Notes to the accounts
For the year ended 31 July 2009

19. Related party transactions

The company is a wholly owned undertaking ofCommercial Acceptances Group Limited.

The company is related to Handf Acceptances Limited by virtue of its shareholding in that company as detailed in note 8 to these financial statements.

The following amounts were due to/from the related parties at the balance sheet date as a result of the company's financing facilities:

	Due (to)/from July 2009 £	Interest received July 2009 £	Due (to)/from July 2008 £	Interest received July 2008 £
Point Star Shipping & Finance Ltd	(21,988,335)	(801,366)	(10,243,916)	5,799
Handf Acceptances Ltd	-	(15,031)	(688,786)	12,650
Commercial Acceptances (UK) Limited	(1,551)	(72,654)	(90,003)	1,639
Shareholder loan to Handf Acceptances Ltd	-	657	26,304	860

Commercial Acceptances Ltd paid a dividend of £nil (2008: £nil) to Commercial Acceptances Group Limited and received a dividend of £212,765 (2008: £nil) from Handf Acceptances Limited.