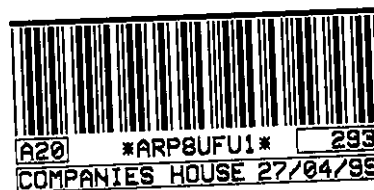


THIRD ROODHILL LEASING LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1998

REGISTERED NUMBER 894567



Registered Number 894567

THIRD ROODHILL LEASING LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 30th September 1998.

Trading Operations

The principal activity of the company is the provision of finance by the leasing of capital equipment and assets.

Review of Trade

The results for the year are set out in the profit and loss account on page 4. New equipment leased in the year had a value of £462,977 (1997: £6,868,253)

Dividend

The directors recommend that no dividend be paid and that the profit for the year of £816,788 be transferred to reserves.

Directors

The directors of the company during the year were:

M.G. Cluett	(Resigned 9 February 1999)
E J Fairweather	(Appointed 9 February 1999)
A. Kenyon	
W.J. Marper	
M.J. Woodward	
S. A. Carter	(Resigned 9 February 1999)
D Dickman	(Appointed 9 February 1999)
R Goddard	(Appointed 9 February 1999)

None of the directors had a beneficial interest in the company.

At 1st October 1997 Mr. W.J. Marper held 11,042 £1 9.25% non cumulative irredeemable preference shares in the company's immediate holding company, The Co-operative Bank p.l.c. These were still held at 30th September 1998.

No other directors had a beneficial interest in any shares in The Co-operative Bank p.l.c. or its group companies or in Co-operative Wholesale Society Limited which is the ultimate holding organisation.

Subsequent Events

No significant events have occurred since the conclusion of the financial year.

Year 2000

Issues arising from the "Year 2000" problem are being addressed by the Co-operative Bank Group. Details are set out in the Group Financial Statements.

Future Prospects

The company is expected to continue to develop its business in so far as is consistent with group plans.

THIRD ROODHILL LEASING LIMITED

Report of the Directors


Statement of Directors' responsibilities

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 and of the profit or loss of the company for that period. In preparing those 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;
- 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 maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



M A Lees
Secretary

Registered Office

P O Box 101
1 Balloon Street
Manchester
M60 4EP

14 April 1999

AUDITOR'S REPORT TO THE MEMBERS OF THIRD ROODHILL LEASING LIMITED

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditor

As described in the directors' report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Manchester

14 April 1999

THIRD ROODHILL LEASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1998

	Notes	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
TURNOVER - Continuing operations	2	3,410,483	3,333,675
Finance and trading costs		<u>(2,288,957)</u>	<u>(2,193,061)</u>
GROSS PROFIT		1,121,526	1,140,614
Administration expenses		<u>(161,954)</u>	<u>(273,731)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	959,572	866,883
Tax on profit on ordinary activities	4	<u>(142,784)</u>	<u>(779,578)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u>816,788</u>	<u>87,305</u>

Movements in profit and loss account reserves are shown in note 12.

There were no recognised gains or losses other than the profit arising on ordinary activities after taxation for this year and the profit on the previous year.

The notes on pages 6 to 11 form part of these financial statements.

THIRD ROODHILL LEASING LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 1998

	Notes	<u>1998</u>	<u>1997</u>
		<u>£</u>	<u>£</u>
CURRENT ASSETS			
Cash on Deposit		-	260,000
Debtors : Amounts falling due within one year	5	2,739,430	6,810,527
Debtors : Amounts falling due after more than one year	5	<u>31,732,408</u>	<u>34,221,050</u>
		34,471,838	41,031,577
Creditors : Amounts falling due within one year	6	<u>(1,478,941)</u>	<u>(1,523,879)</u>
NET CURRENT ASSETS		32,992,897	39,767,698
Creditors: Amounts falling due after more than one year	7	(28,524,697)	(34,993,100)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	9	(2,209,234)	(3,049,692)
Accruals and Deferred Income	10	<u>(1,203,184)</u>	<u>(1,485,912)</u>
		1,055,782	238,994
CAPITAL AND RESERVES			
Called up Share Capital	11	100	100
Profit and Loss Account	12	<u>1,055,682</u>	<u>238,894</u>
Shareholders' Funds	13	<u>1,055,782</u>	<u>238,994</u>

The accounts were approved by the board of directors on 14 April 1999.

E J FAIRWEATHER
DIRECTOR

A KENYON
DIRECTOR

The notes on pages 6 to 11 form part of these financial statements.

THIRD ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

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

b) The effects of events relating to the year ended 30 September 1998 which occurred before 14 April 1999, the date of approval of the financial statements by the board of directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 September 1998 and of the results for the year ended on that date.

c) The company is exempt from the requirement to include a cash flow statement as it is a wholly owned subsidiary of The Co-operative Bank p.l.c., which is established under the law of a member state of the European Community and publishes a consolidated cash flow statement for the group.

Basis of Preparation

d) The accounts have been prepared on a going concern basis. The directors believe this to be appropriate as The Co-operative Bank p.l.c. has agreed to provide financial and other support to the company to enable it to continue to trade and meet its liabilities as they fall due.

Leasing Earnings

e) Assets leased to customers are valued at original cost less depreciation, which is calculated to write off that cost over the primary period of the lease. Depreciation for the year represents the full amount of lease payments due in the year, less the amounts credited to the profit and loss account.

Income from assets leased to customers is credited to the profit and loss account in proportion to the funds invested.

For certain contracts, changes in the rate of Corporation Tax give rise to taxation benefits which are passed on to the lessees as a reduction in rental payable. A provision for the reduction in lease receivables is charged to profit before tax and the tax benefit reflected as a reduced tax charge. The provision is released to profit over the period of the contract.

Deferred Taxation

f) Provision is made under the liability method for taxation on timing differences between profits stated in the financial statements and profits computed for taxation purposes where there is a reasonable probability that such taxation will become payable in the foreseeable future.

Bad Debts

g) The amount charged against operating profit for bad debts comprises specific provision against identifiable losses.

Related Party Transactions

h) The company is exempt from the requirement to include related party transactions as it is a wholly owned subsidiary of The Co-operative Bank p.l.c. which is established under the law of a member state of the European Community and whose financial statements are publicly available.

THIRD ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd)
YEAR ENDED 30 SEPTEMBER 1998

2. Turnover

The turnover and profit before taxation are attributable to one activity, the provision of finance within the United Kingdom. Turnover represents finance charges earned on leasing agreements, together with lease earnings equalisation and income from associated services. Rentals receivable from UK customers, excluding VAT, were £5,596,882 (1997 : £6,097,231) for the year.

3. Profit on Ordinary Activities before Taxation

The profit on ordinary activities before taxation is stated after (crediting)/charging:-

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Interest on loans from immediate holding company	2,288,957	2,193,061
Auditors Remuneration	4,000	4,000
Lease earnings equalisation	(1,515)	159,113

The company has no employees. Administration expenses include a management charge for the services of its immediate holding company and associated auditors remuneration.

Also included within administration expenses is an amount of £76,503 (1997 - £168,051) which relates to bad debts recovered in the year.

4. Tax on Profit on Ordinary Activities

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Corporation Tax at 31% (1997: 32%)	983,242	1,178,804
Deferred Taxation	<u>(840,458)</u>	<u>(399,226)</u>
	<u>142,784</u>	<u>779,578</u>

THIRD ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 30 SEPTEMBER 1998

5. Debtors

	1998			1997		
	<u>Due within</u>	<u>Due after</u>	<u>Total</u>	<u>Due within</u>	<u>Due after</u>	<u>Total</u>
	<u>One Year</u>	<u>One Year</u>		<u>One Year</u>	<u>One Year</u>	
	£	£	£	£	£	£
Finance Lease Debtors:						
Gross Rentals	5,372,151	65,493,570	70,865,721	12,421,291	70,926,202	83,347,493
Less Unearned Finance Charges	(3,207,080)	(33,761,162)	(36,968,242)	(7,077,077)	(36,705,152)	(43,782,229)
	2,165,071	31,732,408	33,897,479	5,344,214	34,221,050	39,565,264
Back-to-Back Leasing	0	-	0	12,787	-	12,787
Other Debtors	401,509	-	401,509	624,865	-	624,865
VAT	-	-	-	828,661	-	828,661
Fellow Subsidiaries	172,850	-	172,850	-	-	-
	2,739,430	31,732,408	34,471,838	6,810,527	34,221,050	41,031,577

New equipment leased in the year had a value of £462,977 (1997: £6,868,253).

6. Creditors

Amounts falling due within one year:

	<u>1998</u>	<u>1997</u>
	£	£
Fellow Subsidiaries	25,000	-
Trade Creditors	425,097	341,945
Obligations payable to immediate holding company under finance leases (see note 8)	-	12,787
Corporation Tax	<u>1,028,844</u>	<u>1,169,147</u>
	<u>1,478,941</u>	<u>1,523,879</u>

THIRD ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 30 SEPTEMBER 1998

7. Creditors

Amounts falling due after more than one year:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Deposit	11,600	260,000
Due to immediate holding company	28,513,097	34,733,100
	<hr/>	<hr/>
	28,524,697	34,993,100
	<hr/>	<hr/>

The Co-operative Bank p.l.c., the immediate holding company, has agreed not to require repayments of sums owing to it before 30 September 1999 at the earliest, and, in any event has agreed to provide financial and other support to the company to enable it to continue to trade and to meet its liabilities as they fall due.

8. Obligations under Finance Leases

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Amounts payable within 1 year	12,787	17,227
Less unearned finance charges	(12,787)	(4,440)
	<hr/>	<hr/>
	0	12,787
	<hr/>	<hr/>

9. Deferred Taxation

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
At 1 October 1997	3,049,692	3,448,918
Profit and Loss account	(840,458)	(399,226)
	<hr/>	<hr/>
At 30 September 1998	2,209,234	3,049,692
	<hr/>	<hr/>

The maximum potential liability for deferred taxation, was £2,209,234 (1997 : £3,049,692) which arises from timing differences and is analysed as follows:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Capital Allowances	2,260,006	3,101,397
Other	(50,772)	(51,705)
	<hr/>	<hr/>
	2,209,234	3,049,692
	<hr/>	<hr/>

THIRD ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 30 SEPTEMBER 1998

10. Accruals and Deferred Income

	<u>1998</u> £	<u>1997</u> £
Lease Earnings Equalisation (see below)	170,105	171,620
Rentals received in advance	<u>1,033,079</u>	<u>1,314,292</u>
	<u>1,203,184</u>	<u>1,485,912</u>
Lease Earnings Equalisation Reserve:		
At 1 October 1997	171,620	12,507
Creation of Lease Earnings Equalisation Reserve	2,451	166,791
Less Transfer to Profit and Loss Account	<u>(3,966)</u>	<u>(7,678)</u>
At 30 September 1998	<u>170,105</u>	<u>171,620</u>

11. Called Up Share Capital

	<u>Authorised</u>		<u>Allotted Called-up and Fully Paid</u>	
	<u>1998</u> £	<u>1997</u> £	<u>1998</u> £	<u>1997</u> £
Ordinary "A" Shares of £1 each	51	51	51	51
Ordinary "B" Shares of £1 each	<u>49</u>	<u>49</u>	<u>49</u>	<u>49</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. Profit and Loss Account

	<u>1998</u> £
At 1 October 1997	238,894
Retained profit for the year	<u>816,788</u>
At 30 September 1998	<u>1,055,682</u>

THIRD ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 30 SEPTEMBER 1998

13. Reconciliation of Movements in Shareholders' Funds

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	816,788	87,305
Opening Shareholders' funds	238,994	151,689
	<hr/>	<hr/>
Closing Shareholders' funds	1,055,782	238,994
	<hr/>	<hr/>

14. Holding Organisations

The company's immediate holding company is The Co-operative Bank p.l.c, which is incorporated in England and Wales. The company's results are consolidated in its group financial statements, which are available from 1 Balloon Street, Manchester, M60 4EP.

The ultimate holding organisation is the Co-operative Wholesale Society Limited, which is incorporated in England and Wales and is registered under the Industrial and Provident Societies Acts 1965 to 1978. Its financial statements are available from New Century House, Manchester, M60 4ES.