

THIRD ROODHILL LEASING LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1999

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 1999.

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 £810,192 (1998: £462,977)

Dividend

The directors recommend that no dividend be paid and that the profit for the year of £646,373 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	
D.A.Dickman	(Appointed 9 February 1999)
R.T.Goddard	(Appointed 9 February 1999)
S.A.Carter	(Resigned 9 February 1999)

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

At 1st October 1998 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 1999.

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

18 April 2000

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

The directors are responsible for preparing the director's report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Manchester

18 April 2000

THIRD ROODHILL LEASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
TURNOVER - Continuing operations	2	3,449,180	3,410,483
Finance and trading costs		<u>(2,329,984)</u>	<u>(2,288,957)</u>
GROSS PROFIT		1,119,196	1,121,526
Administration expenses		<u>(273,256)</u>	<u>(161,954)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	845,940	959,572
Tax on profit on ordinary activities	4	<u>(199,567)</u>	<u>(142,784)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u>646,373</u>	<u>816,788</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 1999

	Notes	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
CURRENT ASSETS			
Debtors : Amounts falling due within one year	5	1,717,234	1,706,351
Debtors : Amounts falling due after more than one year	5	<u>29,953,104</u>	<u>31,732,408</u>
		31,670,338	33,438,759
Creditors : Amounts falling due within one year	6	<u>(842,100)</u>	<u>(1,478,941)</u>
NET CURRENT ASSETS		30,828,238	31,959,818
Creditors: Amounts falling due after more than one year	7	(26,845,986)	(28,524,697)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	9	(2,117,507)	(2,209,234)
Lease Earnings Equalisation Reserve	10	<u>(162,590)</u>	<u>(170,105)</u>
		<u>1,702,155</u>	<u>1,055,782</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	100	100
Profit and Loss Account	12	<u>1,702,055</u>	<u>1,055,682</u>
Shareholders' Funds	13	<u>1,702,155</u>	<u>1,055,782</u>

The accounts were approved by the board of directors on 18 April 2000.

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 1999 which occurred before 18 April 2000, 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 1999 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 financial statements have been prepared on a going concern basis.

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 period represents the full amount of lease payments due in the period, 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 1999

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 £5,536,773 (1998 : £5,596,882) for the year.

3. Profit on Ordinary Activities before Taxation

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

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Interest on loans from immediate holding company	2,329,984	2,288,957
Lease earnings equalisation	(7,515)	(1,515)

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 £193,532 (1998: £76,503) which relates to amounts provided against bad debts during the year.

4. Tax on Profit on Ordinary Activities

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Corporation Tax at 30% (1998: 31%)	311,698	983,242
Over provision for Corporation Tax for prior year	(20,404)	-
Deferred Taxation	(91,727)	(840,458)
	<u>199,567</u>	<u>142,784</u>

THIRD ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 30 SEPTEMBER 1999

5. Debtors

	<u>1999</u>			<u>1998</u>		
	Due within One Year	Due after One Year	Total	Due within One Year	Due after One Year	Total
			£		£	£
Finance Lease Debtors:						
Gross Rentals	4,055,313	53,926,867	57,982,180	4,339,072	65,493,570	69,832,642
Less Unearned Finance Charges	(2,954,070)	(23,973,763)	(26,927,833)	(3,207,080)	(33,761,162)	(36,968,242)
	1,101,243	29,953,104	31,054,347	1,131,992	31,732,408	32,864,400
Other Debtors	615,991	-	615,991	401,509	-	401,509
VAT	-	-	-	-	-	-
Fellow Subsidiaries	-	-	-	172,850	-	172,850
Loans to Customers	-	-	-	-	-	-
	1,717,234	29,953,104	31,670,338	1,706,351	31,732,408	33,438,759

Loans to customers include £396,362 worth of debt which has been fully provided for.

New equipment leased in the year had a value of £810,192 (1998: £462,977).

The Directors have reconsidered the accounting treatment of rentals received but not yet earned. It has been concluded that a fairer presentation of the financial position of the company is provided by treating such receipts as a repayment of debt as opposed to treating them as deferred income until the rental had been earned.

6. Creditors

Amounts falling due within one year:

	<u>1999</u>	<u>1998</u>
	£	£
Fellow Subsidiaries	-	25,000
Trade Creditors	130,962	425,097
Obligations payable to immediate holding company under finance leases (see note 8)	-	-
Corporation Tax	<u>711,138</u>	<u>1,028,844</u>
	842,100	1,478,941

THIRD ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 30 SEPTEMBER 1999

7. Creditors

Amounts falling due after more than one year:

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Deposit	11,600	11,600
Due to immediate holding company	26,834,386	28,513,097
	<hr/>	<hr/>
	26,845,986	28,524,697
	<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 2000 at the earliest.

8. Obligations under Finance Leases

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Amounts payable within 1 year	-	12,787
Less unearned finance charges	<hr/> -	<hr/> (12,787)
	<hr/> -	<hr/> -

9. Deferred Taxation

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
At 1 October 1998	2,209,234	3,049,692
Profit and Loss account	<hr/> (91,727)	<hr/> (840,458)
At 30 September 1999	<hr/> 2,117,507	<hr/> 2,209,234

The maximum potential liability for deferred taxation, was £2,117,507 (1998 : £2,209,234) which arises from timing differences and is analysed as follows:

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Capital Allowances	2,166,173	2,260,006
Other	<hr/> (48,666)	<hr/> (50,772)
	<hr/> 2,117,507	<hr/> 2,209,234

THIRD ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 30 SEPTEMBER 1999

10. Lease Earnings Equalisation Reserve

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
At 1 October 1998	170,105	171,620
Creation of Lease Earnings Equalisation Reserve	-	2,451
Less Transfer to Profit and Loss Account	(7,515)	(3,966)
At 30 September 1999	<u>162,590</u>	<u>170,105</u>

11. Called Up Share Capital

	<u>Authorised</u>		<u>Allotted Called-up and Fully Paid</u>	
	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</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>1999</u> <u>£</u>
At 1 October 1998	1,055,682
Retained profit for the year	<u>646,373</u>
At 30 September 1999	<u>1,702,055</u>

13. Reconciliation of Movements in Shareholders' Funds

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Profit for the financial year	646,373	816,788
Opening Shareholders' funds	<u>1,055,782</u>	<u>238,994</u>
Closing Shareholders' funds	<u>1,702,155</u>	<u>1,055,782</u>

THIRD ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 30 SEPTEMBER 1999

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.