

ROODHILL LEASING LIMITED

FINANCIAL STATEMENTS

13 JANUARY 2007

Registered Number: 2776185

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ROODHILL LEASING LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 13 January 2007

Business review

Trading and Principal Activities

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

The results for the year are set out in the income statement account on page 5 New equipment leased during the period was £NIL (2005 £NIL)

Future Outlook

The company is expected to continue to develop its business in so far as is consistent with The Co-operative Bank plc plans

Principal Risks and Uncertainties

The Company's policy relating to the management of financial risk and potential exposures is detailed in Note 13

Key Performance Indicators

The directors manage the business on a group basis and for this reason believe that analysis using key performance indicators for the company is not necessary

Dividend

The directors recommend that no dividend be paid and that the profit for the year of £30,409 (2005 £25,742) be transferred to reserves

Directors

The directors of the company during the year were

R T Goddard

J S Harvey (Resigned 31 January 2007)

K Alderson

R M Wilcox (Resigned 31 January 2007)

PW Kerns was appointed as director on 31 January 2007

None of the directors had a beneficial interest in the company

No director had a beneficial interest in any shares in The Co-operative Bank plc or its group companies, or in Co-operative Group (CWS) Limited which is the ultimate holding organisation

Subsequent Events

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

Charitable Donations

The Company made no charitable donations during the year (2005 £NIL)

ROODHILL LEASING LIMITED

Directors' Report (continued)

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

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 as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

MA Lees
Secretary



Registered Office
PO Box 101
1 Balloon Street
MANCHESTER
M60 4EP

20 August 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROODHILL LEASING LIMITED

We have audited the financial statements of Roodhill Leasing Limited for the year ended 13 January 2007 which comprise the primary financial statements such as the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities set out on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any further information outside the report and financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

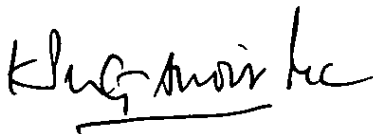
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROODHILL LEASING LIMITED (continued)

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 13 January 2007 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation
- the information in the Directors' Report is consistent with the financial statements



KPMG Audit Plc
Chartered Accountants
Registered Auditor

15 August 2007.

St James' Square
Manchester
M2 6DS

ROODHILL LEASING LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 13 JANUARY 2007

	Notes	2006	2005
		£	£
Finance lease income		48,390	66,704
Interest income/(expense) and similar charges		3,386	(18,078)
GROSS PROFIT		51,776	48,626
Administrative expenses		(8,335)	(11,851)
PROFIT BEFORE TAXATION	2	43,441	36,775
Income tax expense	3	(13,032)	(11,033)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		30,409	25,742

The notes on pages 9 to 15 form part of these financial statements

There are no recognised gains or losses other than those shown in the Income Statement

ROODHILL LEASING LIMITED
BALANCE SHEET
AS AT 13 JANUARY 2007

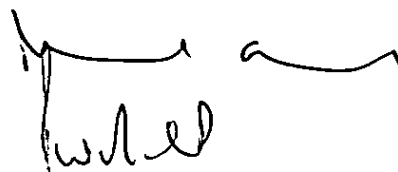
	Notes	2006 £	2005 £
ASSETS			
Non-current assets			
Deferred tax asset	6	122,520	140,055
		<u>122,520</u>	<u>140,055</u>
Current assets			
Cash and cash equivalents	5	3,274,837	2,985,480
Finance lease receivables	4	538,464	778,990
Current tax asset		4,503	31,148
Other receivables	4	-	15,657
		<u>3,817,804</u>	<u>3,811,275</u>
TOTAL ASSETS		<u>3,940,324</u>	<u>3,951,330</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	7	11,576	28,897
Amounts due to group undertakings	5	3,065,377	3,089,471
Total liabilities		<u>3,076,953</u>	<u>3,118,368</u>
Equity attributable to equity holders of the parent			
Share capital	8	2	2
Retained earnings		863,369	832,960
		<u>863,371</u>	<u>832,962</u>
TOTAL EQUITY AND LIABILITIES		<u>3,940,324</u>	<u>3,951,330</u>

The notes on pages 9 to 15 form part of these financial statements

The accounts were approved by the board of directors on 15 August 2007

R T GODDARD
DIRECTOR

P W KERNS
DIRECTOR



ROODHILL LEASING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 13 JANUARY 2007

STATEMENT OF CHANGES IN EQUITY

	2006	2005
	£	£
At beginning of year	832,960	807,218
Total recognised income and expense for the year	30,409	25,742
At the end of the year	863,369	832,960

The notes on pages 9 to 15 form part of these financial statements

ROODHILL LEASING LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 13 JANUARY 2007

	Note	2006 £	2005 £
Reconciliation of profit before taxation to net cash flow from operating activities:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		43,441	36,775
Decrease in finance lease receivables		240,526	329,900
Decrease in other receivables		15,657	73,257
(Decrease)/increase in payables		(19,951)	27,496
Proceeds from sale of fixed assets		-	206,067
Cash generated from operations		279,673	673,495
Income taxes received/(paid)		31,148	(46,632)
Net cash from operating activities		310,821	626,863
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in amounts due to Group Undertakings		(21,464)	(13,141)
Net cash from financing activities		(21,464)	(13,141)
NET INCREASE IN CASH AND CASH EQUIVALENTS		289,357	613,722
Cash and cash equivalents at the beginning of year		2,985,480	2,371,758
Cash and cash equivalents at the end of year	10	3,274,837	2,985,480

The notes on pages 9 to 15 form part of these financial statements

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 13 JANUARY 2007

1. Accounting Policies

a) Basis of Preparation

The financial statements have been prepared on the basis of recognition and measurement requirements of International Financial Reporting Standards (IFRS) in issue that are endorsed by the European Union (EU) and effective at 13 January 2007

Under IFRS the company is no longer exempt from the requirement to include a cash flow in its financial statements. A cash flow statement prepared under IFRS for the year to 13 January 2007, and the comparative year to 14 January 2006, has been included on page 8

b) Leasing Earnings

Finance Leases

Assets leased to customers are included within 'Receivables' and valued at an amount equal to the net investment in the lease, less any provisions for impairment

Income from finance leases and instalment credit agreements is credited to the profit and loss account using the net investment method to give a constant periodic rate of return. Initial direct costs incurred in arranging the lease are included in the initial measurement of the finance receivable and reduce income over the lease term

c) Deferred Income

The unapportioned element of operating lease rentals received in advance is included in deferred income

d) Tax Expense

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

e) Deferred Taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Deferred taxes are determined using the rates enacted or substantively enacted at the balance sheet date

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 JANUARY 2007

f) Impairment

The company assesses at the balance sheet date its leasing portfolio position for objective evidence that an impairment loss has been incurred

The amount of the loss is the difference between

- Asset's carrying amount, and
- Present value of estimated future cash flows (discounted at the asset's original or variable effective interest rate)

The amount of the impairment loss is recognised immediately through the income statement and a corresponding reduction in the value of the financial assets is recognised through the use of an allowance account

g) Cash and Cash Equivalents

Cash and cash equivalents comprises cash balances and balances with an original maturity of three months or less

2 Profit Before Taxation

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

	2006	2005
	£	£
Interest on loans to / from immediate holding company	(3,386)	18,078

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

No directors' remuneration was paid during the year (2005 £NIL)

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 JANUARY 2007

3. Income Tax Expense

	2006	2005
	£	£
a. Analysis of charge in period		
UK Corporation tax on profits of the year	(4,503)	(31,148)
Total Current Tax	(4,503)	(31,148)
Deferred Tax (note 6)		
Origination and reversal of timing differences	17,535	42,181
Total Deferred Tax	17,535	42,181
Total income tax in Income Statement	13,032	11,033

b. Factors affecting tax charge for period

The current tax charge is the same as (2005 same as) the standard rate of corporation tax in the UK
The differences are explained below

	2006	2005
	£	£
Profit before tax	43,441	36,775
Tax calculated at a tax rate of 30% (2005 30%)	13,032	11,033

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 JANUARY 2007

4. Receivables

	Amounts falling due no later than 1 year	Amounts falling due later than 1 year and no later than 5 years	Amounts falling due later than 5 years	Total
	£	£	£	£
2006				
Gross investment in finance leases, receivable	248,550	334,037	-	582,587
Unearned future finance income on finance leases	(28,548)	(15,575)	-	(44,123)
Net investment in finance leases	220,002	318,462	-	538,464
2005				
Gross investment in finance leases, receivable	268,436	600,187	-	868,623
Unearned future finance income on finance leases	(45,614)	(44,019)	-	(89,633)
Net investment in finance leases	222,822	556,168	-	778,990
Other receivables	15,657	-	-	15,657
Total	238,479	556,168	-	794,647

The unguaranteed residual value is £NIL (2005 £NIL)

No new equipment was leased in the year under finance leases (2005 £NIL)

5. Amounts due (from)/to Group Undertakings

	2006	2005
	£	£
Amounts due to group undertakings	(3,065,377)	(3,089,471)
Cash and cash equivalents (note 10)	3,274,837	2,985,480
Due (from)/to immediate holding company	(209,460)	103,991

The Co-operative Bank p l c, the immediate holding company, requires that the loan be repayable on demand

Further analysis of transactions between the company and the Co-operative Bank p l c is provided in note 11

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 January 2007

6. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2005 30%) The movement on deferred tax accounts is as follows

	<u>Capital Allowances on Assets Leased To Customers</u>	
	2006	2005
	£	£
At 14 January 2006	140,055	182,236
Credit to income statement (note 3)	(17,535)	(42,181)
At 13 January 2007	<u>122,520</u>	<u>140,055</u>
Net deferred tax comprises		
Deferred tax asset	122,520	140,055
Deferred tax liability	-	-
	<u>122,520</u>	<u>140,055</u>

7. Trade and Other Payables

Amounts falling due within one year

	2006	2005
	£	£
Trade payables	117	1,674
VAT	11,459	27,223
	<u>11,576</u>	<u>28,897</u>

8. Share Capital

	2006	2005
	£	£
<u>Authorised</u>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
<u>Allotted Called Up and Fully Paid</u>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The shareholders have one vote for every share held, and are entitled to receive dividends as declared from time to time

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 January 2007

9. Significant Leasing Arrangements

Finance Leases

The company leases capital equipment and assets to private companies and public sector organisations under finance leases for periods up to 25 years

10. Cash and Cash Equivalents

	2006	2005
	£	£
Cash (see note 5)	3,274,837	2,985,480
	<u>3,274,837</u>	<u>2,985,480</u>

11. Related Party Transactions

A number of banking transactions are entered into with The Co-operative Bank p l c in the normal course of business. The volumes of related party transactions, outstanding balances at the year-end, and related income and expense for the year are as follows

		Parent	
Transactions included within:		2006	2005
Income Statement	Description	£	£
Interest (income)/expense & similar charges	Intragroup interest	(3,386)	18,078
Outstanding balances			
Balance Sheet	Description		
Current assets	Cash and cash equivalents	3,274,837	2,985,480
Current liabilities	Amounts due to group undertakings	(3,065,377)	(3,089,471)

ROODHILL LEASING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 13 January 2007

12. Parent Undertaking

The company's immediate holding company is The Co-operative Bank p l c, which is incorporated in Great Britain and whose financial statements are available from 1 Balloon Street, Manchester, M60 4EP. The ultimate holding organisation is Co-operative Group (CWS) Limited, which is incorporated in Great Britain and is registered under the Industrial and Provident Societies Acts 1965 to 2003. Their financial statements are available from New Century House, Manchester, M60 4ES.

13. Financial Instruments

Credit Risk and Bank Policy

Credit risk assessments on the provision of leasing facilities follow the basic canons of lending i.e., consideration must be given to

- a) The integrity and reliability of the lessee
- b) The duration and amount of the transaction
- c) The lessee's ability to repay
- d) The security

Security of Asset

In most cases the security for the expenditure on the asset purchase is the asset itself. It is not a prerequisite that security is limited to the asset only, other security may frequently be taken particularly guarantees and/or bank securities. All security documents are referred to and approved by external solicitors where applicable and a record kept of all lease contracts approved by them.

Interest Rate Risk and Liquidity

Margins are preserved for long term fixed rate business by obtaining fixed rate funding from the parent company. This also applies to variable rate leases where short term variable rate funding is also obtained from the parent company.

Fair Values of Financial Assets and Liabilities

Any fair value gain or loss is matched by a gain or loss in the parent company.

14. Accounting Estimates and Judgements

Roodhill Leasing Limited makes estimates and assumptions that affect the reported assets and liabilities. Estimates and judgements are continually assessed and reviewed and are based on historical experience and reasonable expectations of future events.

Impairment

The company assesses its leasing portfolio at the balance sheet date for evidence of impairment. In determining whether impairment provisions should be recorded, judgements are made as to whether there is objective evidence that the financial asset is impaired as a result of loss events that occurred after recognition of the asset and prior to the balance sheet date.