

ROODHILL LEASING LIMITED

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 12 JANUARY 2008



Registered office: 1 Balloon Street, Manchester, M60 4EP
Registered number: 2776185

ROODHILL LEASING LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and financial statements for the year ended 12 January 2008

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 profit for the year, after tax, amounted to £12,684 (2006 £30,409)

Net assets at the balance sheet date amounted to £876,055 (2006 £863,371)

New equipment leased during the period was £nil (2006 £nil)

Future outlook:

The Company is expected to operate in the manner in which it does at present

Principal risks and uncertainties:

The principal risks and uncertainties of the Company are integrated with the principal risks of the Co-operative Financial Services Limited group (CFS Group) and are not managed separately. Further details are provided within the annual report of the CFS Group

Key performance indicators:

The development, performance and position of the CFS Group, which includes this Company, is discussed in the group's annual report which does not form part of this report

Dividend

The Directors do not recommend the payment of a dividend (2006 £nil)

Directors

The Directors of the Company during the year were

K Alderson	Chair	(Appointed Chair 31 January 2007)
MD Fairbairn		(Appointed 31 January 2007, Resigned 13 June 2007)
RT Goddard		
JS Harvey		(Resigned 31 January 2007)
PW Kerns		(Appointed 31 January 2007)
RM Wilcox		(Resigned 31 January 2007)

None of the Directors had a beneficial interest in the Company

ROODHILL LEASING LIMITED

REPORT OF THE DIRECTORS (continued)

Financial statements

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

A statement by the Directors as to their responsibilities for preparing the financial statements is included in the Statement of Directors' Responsibilities

Subsequent events

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

Supplier payment policy and practice

All supplies and services are sourced through a group service company. A management charge is payable to cover the costs of these services

Charitable and political donations

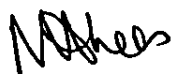
The Company made no charitable or political donations during the year (2006 £nil)

Elective regime

The Company has passed Elective Resolutions in accordance with the Companies Act 1985 (as amended by the Companies Act 1989). These have the effect of dispensing with the holding of Annual General Meetings, the laying of accounts at such meetings and the annual re-appointment of Auditors

Accordingly, KPMG Audit Plc shall be deemed to be re-appointed as auditor, by virtue of Section 386(2) of the Companies Act 1985

On behalf of the Board



MA Lees
Secretary

29th July 2008

ROODHILL LEASING LIMITED

STATEMENT OF 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.

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

We have audited the financial statements of Roodhill Leasing Limited for the year ended 12 January 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 AUDITOR'S 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 12 January 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
St James' Square
Manchester
M2 6DS

29 July

2008

ROODHILL LEASING LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 12 JANUARY 2008**

	Notes	2007 £	2006 £
Finance lease income		28,964	48,390
Interest income		6,724	3,386
Gross profit		35,688	51,776
Administrative expenses	2	(6,077)	(8,335)
Profit before tax	1	29,611	43,441
Income tax	3	(16,927)	(13,032)
Profit for the financial year attributable to the equity holders of the Company		12,684	30,409

The notes on pages 10 to 18 form part of these financial statements

ROODHILL LEASING LIMITED

BALANCE SHEET AS AT 12 JANUARY 2008

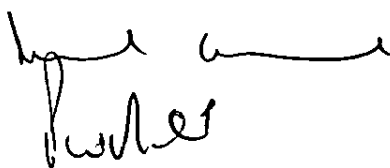
	Notes	2007 £	2006 £
ASSETS			
Non current assets			
Deferred tax	3	112,632	122,520
Current assets			
Cash and cash equivalents	4	3,539,684	3,274,837
Finance lease receivables	5	297,735	538,464
Income tax	3	-	4,503
		<u>3,837,419</u>	<u>3,817,804</u>
Total assets		<u>3,950,051</u>	<u>3,940,324</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	7,176	11,576
Income tax	3	7,039	-
Amounts due to group undertakings	7	3,059,781	3,065,377
Total liabilities		<u>3,073,996</u>	<u>3,076,953</u>
CAPITAL AND RESERVES			
Share capital	8	2	2
Retained earnings		876,053	863,369
Total equity		<u>876,055</u>	<u>863,371</u>
Total liabilities and equity		<u>3,950,051</u>	<u>3,940,324</u>

The notes on pages 10 to 18 form part of these financial statements

Approved by the Board of Directors on ~~24th~~ July 2008 and signed on its behalf by

RT Goddard, Director

PW Kerns, Director



ROODHILL LEASING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 12 JANUARY 2008

	Share capital £	Retained earnings £	Total £
At 15 January 2006	2	832,960	832,962
Profit for the year	-	30,409	30,409
At 13 January 2007	2	863,369	863,371
Profit for the year	-	12,684	12,684
At 12 January 2008	2	876,053	876,055

The notes on pages 10 to 18 form part of these financial statements

ROODHILL LEASING LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 12 JANUARY 2008**

	Notes	2007 £	2006 £
Cash flows from operating activities			
Profit before tax		29,611	43,441
Decrease in finance lease receivables		240,729	240,526
Decrease in other receivables		-	15,657
Decrease in trade and other payables		(4,400)	(17,321)
Decrease in amounts due to group undertakings		(5,596)	(24,094)
Income taxes received		4,503	31,148
Net increase in cash and cash equivalents		<u>264,847</u>	<u>289,357</u>
Cash and cash equivalents at the beginning of the year		3,274,837	2,985,480
Cash and cash equivalents at the end of the year	4	<u>3,539,684</u>	<u>3,274,837</u>

The notes on pages 10 to 18 form part of these financial statements

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 12 JANUARY 2008

Basis of preparation

Roodhill Leasing Limited is a limited liability company, incorporated in Great Britain and registered in England and Wales

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 12 January 2008

In preparing these consolidated financial statements, the Company has adopted IFRS 7 *Financial Instruments Disclosure* and IAS 1 *Presentation of Financial Statements Capital Disclosures*. The adoption of IFRS 7 and the amendment to IAS 1 impacted the type and amount of disclosures made in these financial statements, but had no impact on the reported profits or financial position of the Company. In accordance with the transitional requirements of the standards, the Company has provided full comparative information.

Accounting date

Since the financial year is virtually coterminous with the calendar year, the figures in respect of the current year are referred to as 2007, whilst those of the preceding year are shown as 2006.

Standards and interpretations issued but not yet effective

The Company has not adopted the following standard

- IFRS 8 *Operating Segments*

This standard introduces the “management approach” to segment reporting. IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the Company’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them.

The Company is not expecting the standard to have an impact on the segmental information reported in the financial statements.

The amendments are effective for accounting periods on or after 1 January 2009.

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

Significant accounting policies

a. *Finance leases*

Assets leased to customers are included within finance lease 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 income statement 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

b. *Interest income*

Interest income is recognised on an effective interest rate (EIR) basis, inclusive of directly attributable incremental transaction costs and fees, and discounts and premiums where appropriate. The EIR spreads the interest income over the expected life of the instrument. The EIR is the rate that, at inception exactly discounts expected future cash payments and receipts through the expected life of the instrument to the initial carrying amount

c. *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly to 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

Deferred tax is provided, with no discounting, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are determined using rates enacted or substantially enacted at the balance sheet date

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

d. *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and balances realisable into cash within 90 days. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the Cash Flow Statement

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

Significant accounting policies (continued)

e. *Impairment*

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f. *Financial liabilities*

Financial liabilities are measured at amortised cost.

Critical accounting estimates and judgements in applying accounting policies

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.

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

Financial risk management

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.

Capital management

The Company's primary objective in respect of capital management is to ensure that it has sufficient capital now and in the future to support the risks in the business. The Company has continued support of its parent company to ensure capital is managed appropriately.

Fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the financial statements.

Trade and other receivables and payables

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

1. Profit before tax

	2007 £	2006 £
Profit before tax is stated after crediting		
- Interest on loans to parent company	6,724	3,386
- Auditors' remuneration (audit of these financial statements)	<u>5,150</u>	<u>5,000</u>

2. Administrative expenses

The Company has no employees. Administration expenses include a management charge for the services of its parent company and associated auditor's remuneration. No Directors' remuneration was paid during the year (2006: £nil).

3. Income tax

<i>Income statement</i>	2007 £	2006 £
Current tax		
Current year (charge)/credit	(7,039)	4,503
Deferred tax		
Origination and reversal of timing differences	(9,888)	(17,535)
Income tax expense	<u>(16,927)</u>	<u>(13,032)</u>
Reconciliation of effective tax rate		
Profit before tax	<u>29,611</u>	<u>43,441</u>
UK corporation tax at 30% (2006: 30%)	(8,883)	(13,032)
Restated deferred tax to 28%	(8,044)	-
Income tax expense	<u>(16,927)</u>	<u>(13,032)</u>

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

3. Income tax (continued)

<i>Balance sheet</i>	2007	2006
	£	£
Current tax asset/(liability)		
At the beginning of the year	4,503	31,148
(Charge)/credit to the income statement	(7,039)	4,503
Income tax recovered during the year	(4,503)	(31,148)
At the end of the year	(7,039)	4,503
Deferred tax asset		
Net deferred tax asset at the beginning of the year	122,520	140,055
Charge to income statement	(9,888)	(17,535)
Net deferred tax asset at the end of the year	112,632	122,520
Net deferred tax asset comprises:		
Deferred tax asset	112,632	122,520

Deferred taxes comprise capital allowances on assets leased to customers and are calculated under the liability method using an effective tax rate of 28% (2006 30%)

The 2007 Finance Bill provides for a reduction in the corporation tax from 30% to 28% with effect from 1 April 2008, this has been taken into account when determining the deferred tax liability at the balance sheet date

4. Cash and cash equivalents

	2007	2006
	£	£
Cash at bank	3,539,684	3,274,837

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

5. Finance lease 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 £
2007				
Gross investment in finance leases, receivable	200,560	112,605	-	313,165
Unearned future finance income on finance leases	(13,140)	(2,290)	-	(15,430)
Net investment in finance leases	187,420	110,315	-	297,735
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

The unguaranteed residual value is £nil (2006 £nil) No new equipment was leased in the year under finance leases (2006 £nil) At the balance sheet date, there were impaired assets of £nil (2006 £nil) with associated provisions of £nil (2006 £nil)

6. Trade and other payables

	2007 £	2006 £
Trade payables	1,419	117
VAT	5,757	11,459
	<u>7,176</u>	<u>11,576</u>

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

7. Amounts due to group undertakings

	2007 £	2006 £
Amounts due to parent undertaking	(3,059,781)	(3,065,377)
Cash and cash equivalents	3,539,684	3,274,837
Due from parent Company	<u>479,903</u>	<u>209,460</u>

The Co-operative Bank p l c , the parent 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

8. Share capital

	2007 £	2006 £
<i>Authorised</i>		
100 ordinary shares of £1	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1	<u>2</u>	<u>2</u>

Each shareholder has one vote per share.

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

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 12 JANUARY 2008

10. Parent undertaking

The Company is a wholly owned subsidiary of The Co-operative Bank p l c , a company incorporated in Great Britain and registered in England and Wales. Their financial statements are available from 1 Balloon Street, Manchester, M60 4EP

The ultimate parent undertaking is Co-operative Group Limited (formerly known as Co-operative Group (CWS) Limited), which is incorporated in Great Britain and registered in England and Wales under the Industrial and Provident Societies Acts 1965 to 2003. Their financial statements are available from New Century House, Corporation Street, Manchester, M60 4ES

11. Related party transactions

The Company has not entered into any transactions with Directors of the Company or their immediate relatives. No remuneration has been paid to any of the Directors who served during the financial period.

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, balances receivable at the year-end, and relating income and expense for the year are as follows:

	2007 £	2006 £
<i>Transactions taking place in the year with related parties</i>		
Parent company		
- Interest income	<u>6,724</u>	<u>3,386</u>
<i>At the balance sheet date, related party balances</i>		
Parent company		
- Cash and cash equivalents	3,539,684	3,274,837
- Amounts due to parent undertaking	<u>(3,059,781)</u>	<u>(3,065,377)</u>

All transactions are conducted on an arms length basis and under standard commercial terms