

ROODHILL LEASING LIMITED

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 10 JANUARY 2009



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

ROODHILL LEASING LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 10 January 2009.

Business review

Trading and principal activities:

The principal activity of Roodhill Leasing Limited ('the Company') is the provision of finance through the leasing of capital equipment and assets.

The profit for the year, after tax, amounted to £29,981 (year to 12 January 2008: £12,684).

Net assets at the balance sheet date amounted to £906,036 (12 January 2008: £876,055).

New equipment leased during the year was £nil (year to 12 January 2008: £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, are discussed in the group's annual report which does not form part of this report.

Going concern

The Company's business activities together with its financial position and the factors likely to affect its future development and performance are set out in the Business review above.

Consequently, after making enquiries, the Directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Dividend

The Directors do not recommend the payment of a dividend (year to 12 January 2008: £nil).

Directors

The Directors of the Company during the year were:

K Alderson	Chair
RT Goddard	
PW Kerns	

ROODHILL LEASING LIMITED

DIRECTORS' REPORT (continued)

Directors

No Director received any emoluments during the year.

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 on page 3.

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 (year to 12 January 2008: £nil).

Subsequent events

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



RT Goddard
Director

29 October 2009

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 AUDITORS' REPORT TO THE MEMBERS OF ROODHILL LEASING LIMITED

We have audited the financial statements of Roodhill Leasing Limited for the year ended 10 January 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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 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 10 January 2009 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

30 October 2009

ROODHILL LEASING LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 10 JANUARY 2009

	Notes	10 Jan 2009 £	12 Jan 2008 £
Finance lease income		16,005	28,964
Interest income		30,966	6,724
Gross profit		46,971	35,688
Administrative expenses	2	(4,771)	(6,077)
Profit before tax	1	42,200	29,611
Income tax	3	(12,219)	(16,927)
Profit for the financial year attributable to the equity holders of the Company		29,981	12,684

The notes on pages 10 to 19 form part of these financial statements.

ROODHILL LEASING LIMITED

BALANCE SHEET AS AT 10 JANUARY 2009

		10 Jan 2009 £	12 Jan 2008 £
	Notes		
ASSETS			
Non-current assets			
Deferred tax	3	126,543	112,632
Current assets			
Cash and cash equivalents	4	3,756,015	3,539,684
Finance lease receivables	5	95,637	297,735
		<u>3,851,652</u>	<u>3,837,419</u>
Total assets		<u>3,978,195</u>	<u>3,950,051</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	11,796	7,176
Income tax	3	26,130	7,039
Amounts due to parent undertaking	7	3,034,233	3,059,781
Total liabilities		<u>3,072,159</u>	<u>3,073,996</u>
CAPITAL AND RESERVES			
Share capital	8	2	2
Retained earnings		906,034	876,053
Total equity		<u>906,036</u>	<u>876,055</u>
Total liabilities and equity		<u>3,978,195</u>	<u>3,950,051</u>

The notes on pages 10 to 19 form part of these financial statements.

Approved by the Board of Directors on 29 October 2009 and signed on its behalf by:

RT Goddard, Director

K Alderson, Director

ROODHILL LEASING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 10 JANUARY 2009**

	Share capital £	Retained earnings £	Total £
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
Profit for the year	-	29,981	29,981
At 10 January 2009	2	906,034	906,036

The notes on pages 10 to 19 form part of these financial statements.

ROODHILL LEASING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 10 JANUARY 2009

		10 Jan 2009 £	12 Jan 2008 £
	Notes		
Cash flows from operating activities			
Profit before tax		42,200	29,611
Decrease in finance lease receivables		202,098	240,729
Increase / (Decrease) in trade and other payables		4,620	(4,400)
Decrease in amounts due to parent undertaking		(25,548)	(5,596)
Income taxes (paid) / received	3	(7,039)	4,503
Net increase in cash and cash equivalents		<u>216,331</u>	<u>264,847</u>
Cash and cash equivalents at the beginning of the year		3,539,684	3,274,837
Cash and cash equivalents at the end of the year	4	<u>3,756,015</u>	<u>3,539,684</u>

The notes on pages 10 to 19 form part of these financial statements.

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 10 JANUARY 2009

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 (IFRSs) in issue that are endorsed by the European Union (EU) and effective at 10 January 2009.

Going concern

The Company's forecasts which take into account a number of potential changes in performance show that Roodhill Leasing Limited should be able to operate at an adequate level of capital for the foreseeable future.

Consequently, after making enquiries, the Directors are satisfied that the Company has sufficient future resources to continue in the business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Standards and interpretations issued but not yet effective

The Company has not adopted the following standards:

- Amendments to IAS 1 *Presentation of Financial Statements*

This standard proposes a revised presentation to the income statement and revised changes to the naming of some primary statements. The amendments introduce a comprehensive statement of income that will present non-owner changes in equity in either a single statement of comprehensive income or a separate statement of income and other comprehensive income, initiated with the profit for the period.

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

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

Standards and interpretations issued but not yet effective (continued)

- Further amendments to IFRS 7 *Improving Disclosures about Financial Instruments*

This standard enhances current financial instrument disclosures both for fair value measurement and liquidity risk. The amendments introduce increasing disclosure requirements in relation to fair value measurement particularly when markets are inactive and enhancements to the information provided in relation to the nature and extent of liquidity risk.

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

The Company is not expecting the above standards and amendments to existing standards to have a material impact on the information reported in the financial statements.

The following standards and interpretations which have been issued but not yet effective are not considered relevant to the Company's operations:

- amendments to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*;
- revised IFRS 3 *Business Combinations (2008)*;
- IFRS 8 *Operating Segments*;
- revised IAS 23 *Borrowing Costs*;
- amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 *Distributions of Non-cash Assets to Owners*; and
- IFRIC 18 *Transfer of Assets from customers*.

Significant accounting policies

a. *Finance leases*

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases and are included within finance lease receivables. Assets leased to customers are deemed to be finance leases and are valued at an amount equal to the net investment in the lease, less any provisions for impairment.

Income from assets leased to customers and instalment credit agreements is credited to the income statement based on a pattern reflecting a constant periodic rate of the

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

Significant accounting policies (continued)

net investment the lease. 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. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the instrument (for example, prepayment options), but does not consider future credit losses.

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 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.

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. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d. *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and balances realisable into cash within 90 days which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

Significant accounting policies (continued)

are included as a component of cash and cash equivalents for the purposes of the Cash Flow Statement.

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 higher of the 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 since the last impairment loss was recognised. An impairment loss is reversed only to the extent of the asset's carrying amount, which would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised for the asset in prior years.

Critical accounting estimates and judgements in applying accounting policies

The Company 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 10 JANUARY 2009

Risk management

Credit risk 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 undertaking. This also applies to variable rate leases where short term variable rate funding is also obtained from the parent undertaking.

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 Directors understand that the Company has continued support of its parent undertaking 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 10 JANUARY 2009

1. Profit before tax

	10 Jan 2009 £	12 Jan 2008 £
Profit before tax is stated after charging/(crediting):		
- Interest income on loans to parent undertaking	(30,966)	(6,724)
- Auditor's remuneration (audit of these financial statements)	-	5,150

2. Administrative expenses

The Company has no employees. Administrative expenses include a management charge for the services of its parent undertaking. The 2008 associated auditor's remuneration was borne by the parent company. No Directors' remuneration was paid during the year (year to 12 January 2008: £nil).

3. Income tax

<i>Income statement</i>	10 Jan 2009 £	12 Jan 2008 £
Current tax		
Current year charge	(26,130)	(7,039)
Deferred tax		
Origination and reversal of timing differences	13,911	(9,888)
Income tax expense	<u>(12,219)</u>	<u>(16,927)</u>
Reconciliation of effective tax rate		
Profit before tax	<u>42,200</u>	<u>29,611</u>
UK corporation tax at 28.44% (12 January 2008: 30%)	(12,002)	(8,883)
Restated deferred tax to 28%	-	(8,044)
Impact of effective tax rate on deferred tax movements	(217)	-
Income tax expense	<u>(12,219)</u>	<u>(16,927)</u>

The Company's UK Corporation tax rate of 28.44% is a weighted average rate of the UK corporation tax rate for the financial year. The rate decreased from 30% to 28% on 1 April 2008.

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

3. Income tax (continued)

<i>Balance sheet</i>	10 Jan 2009 £	12 Jan 2008 £
Income tax liability		
At the beginning of the year	(7,039)	4,503
Charge to the income statement	(26,130)	(7,039)
Income tax paid / (recovered) during the year	7,039	(4,503)
At the end of the year	<u>(26,130)</u>	<u>(7,039)</u>
Deferred tax asset		
Net deferred tax asset at the beginning of the year	112,632	122,520
Credit / (Charge) to income statement	13,911	(9,888)
Net deferred tax asset at the end of the year	<u>126,543</u>	<u>112,632</u>
Net deferred tax asset comprises:		
Deferred tax asset	<u>126,543</u>	<u>112,632</u>

Deferred taxes comprise capital allowances on assets leased to customers and are calculated under the liability method using an effective tax rate of 28% (12 January 2008: 28%).

4. Cash and cash equivalents

	10 Jan 2009 £	12 Jan 2008 £
Cash at bank	<u>3,756,015</u>	<u>3,539,684</u>

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

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 £
10 January 2009				
Gross investment in finance lease receivables	97,983	-	-	97,983
Unearned future finance income on finance leases	(2,346)	-	-	(2,346)
Net investment in finance leases	<u>95,637</u>	<u>-</u>	<u>-</u>	<u>95,637</u>
12 January 2008				
Gross investment in finance lease receivables	200,560	112,605	-	313,165
Unearned future finance income on finance leases	(13,140)	(2,290)	-	(15,430)
Net investment in finance leases	<u>187,420</u>	<u>110,315</u>	<u>-</u>	<u>297,735</u>

The unguaranteed residual value is £nil (12 January 2008: £nil). No new equipment was leased in the year under finance leases (year to 12 January 2008: £nil). At the balance sheet date, there were impaired assets of £nil (12 January 2008: £nil) with associated provisions of £nil (12 January 2008: £nil).

6. Trade and other payables

	10 Jan 2009 £	12 Jan 2008 £
Trade payables	8	1,419
VAT	11,788	5,757
	<u>11,796</u>	<u>7,176</u>

ROODHILL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 10 JANUARY 2009

7. Amounts due to parent undertaking

	10 Jan 2009 £	12 Jan 2008 £
Amounts due to parent undertaking	(3,034,233)	(3,059,781)
Cash and cash equivalents	3,756,015	3,539,684
Due from parent undertaking	<u>721,782</u>	<u>479,903</u>

The Co-operative Bank p.l.c., the parent undertaking, 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

	10 Jan 2009 £	12 Jan 2008 £
<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 10 JANUARY 2009

10. Parent undertaking

The Company is a wholly owned subsidiary of The Co-operative Bank p.l.c., which is 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, which is incorporated in Great Britain and registered in England and Wales under the Industrial and Provident Societies Acts 1965 to 2002. 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 year.

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 related income and expense for the year are as follows:

	10 Jan 2009 £	12 Jan 2008 £
<i>Transactions taking place in the year with related parties:</i>		
Parent undertaking		
- Interest income	<u>30,966</u>	<u>6,724</u>
<i>At the balance sheet date, related party balances:</i>		
Parent undertaking		
- Cash and cash equivalents	3,756,015	3,539,684
- Amounts due to parent undertaking	<u>(3,034,233)</u>	<u>(3,059,781)</u>

All transactions are conducted on an arm's length basis and under standard commercial terms.