

BBA Financial Services (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2004**

Registered number: 4257118



Directors and advisors

Directors

S M F Shaw
R Booth
A R Wood

Secretary

S M F Shaw

Registered Office

20 Balderton Street
London
W1K 6TL

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Directors' report

For the year ended 31 December 2004

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2004.

Principal activity

The principal activity of the Company is that of a investment holding company.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. During the year, no interim dividend was paid (2003 - £nil). The directors do not recommend the payment of a final dividend (2003 - £nil).

Directors

The directors who held office during the year were:

S M F Shaw
R Booth
A R Wood

The directors in office at the end of the year had interests in the shares of BBA Group plc, the ultimate parent company, as follows:

	25p Ordinary shares			
	Shares held		Share options held	
	31 December 2004	1 January 2004	31 December 2004	1 January 2004
S M F Shaw	17,390	17,390	618,280	498,480
R Booth	2,000	-	201,350	175,685

A R Wood's interests in the shares of BBA Group plc are disclosed in the group financial statements.

In addition, as at 31 December 2004, S M F Shaw was awarded nil restricted shares (2003 - 51,567), nil investment shares (2003 - 7,633) and nil matched shares (2003 - 12,726) under the BBA Group Long-Term Incentive Plan. Further details of this Plan can be found in the BBA Group plc group financial statements.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Directors' report (continued)

For the year ended 31 December 2004

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company's affairs at the end of the year and of the profit or loss of the Company for the year. 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; 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 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 are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

20 Balderton Street
London
W1K 6TL

By order of the Board



Date: 20 October 2005

Director

Independent auditors' report to the members of BBA Financial Services (UK) Limited

We have audited the financial statements of BBA Financial Services (UK) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and related notes numbered 1 to 13. 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 auditors' 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 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, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. We also report 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the Company, 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 BBA Financial Services (UK) Limited (cont.)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

20th October 2005

Profit and loss account

For the year ended 31 December 2004

	Notes	2004 £	2003 £
Other interest receivable and similar income		-	765,250
Income from investment in group undertakings		-	21,929,616
Interest payable and similar charges	4	<u>(13,642)</u>	<u>(13,918,357)</u>
(Loss)/profit on ordinary activities before taxation	2	(13,642)	8,776,509
Taxation on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
Retained (loss)/profit for the financial period		<u><u>(13,642)</u></u>	<u><u>8,776,509</u></u>

There were no recognised gains or losses in the current or prior year other than those reflected above.

All profits or losses are derived from continuing operations.

There is no material difference between the results as disclosed in the profit and loss account and their historical cost equivalent.

The accompanying notes are an integral part of this profit and loss account.

BBA FINANCIAL SERVICES (UK) LIMITED

Balance sheet

At 31 December 2004

	Notes	2004 £	2003 £
Fixed assets:			
Investments	6	1,000	1,000
Current assets:			
Debtors	7	2	2
Investments	8	-	-
		2	2
Creditors: amounts falling due within one year	9	<u>(1,370,336)</u>	<u>(1,356,694)</u>
Net current liabilities		<u>(1,370,334)</u>	<u>(1,356,692)</u>
Net liabilities		<u>(1,369,334)</u>	<u>(1,355,692)</u>
Capital and reserves			
Share capital	10	82	82
Share premium	11	1,920	1,920
Profit and loss account	11	<u>(1,371,336)</u>	<u>(1,357,694)</u>
Equity shareholders' deficit	12	<u>(1,369,334)</u>	<u>(1,355,692)</u>

These financial statements were approved by the Board of Directors on 20 October 2005, and are signed on its behalf by:



Director

The accompanying notes are an integral part of this balance sheet

Notes to the accounts

For the year ended 31 December 2004

1. Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the year.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of BBA Group plc, which prepares consolidated financial statements which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

b) Taxation

The Company has entered into an arrangement under which the ultimate parent company has agreed to provide and account for all corporation tax liabilities of the Company, while the Company remains a member of the BBA group.

Pursuant to this arrangement, deferred tax is not recognised in this Company on timing differences of the Company, on the grounds that the relevant liability will be met by the ultimate parent company when these timing differences reverse. *Deferred tax is instead recognised by the ultimate parent company on these timing differences in accordance with FRS 19 "Deferred Tax".*

Deferred tax liabilities are provided in full by the ultimate parent company, and deferred tax assets are recognised by that company to the extent that it is regarded as more likely than not that they will be recovered. These deferred tax assets and liabilities are not discounted. Deferred tax is not provided by the ultimate parent company on the sale or revaluation of fixed assets, unless at the balance sheet date a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

c) Related party transactions

Under FRS 8, the Company is exempt from disclosing related party transactions with other group companies as 90% of the voting rights are controlled within the group and the ultimate parent company, BBA Group plc, has prepared consolidated financial statements which include the results of the Company for the period and are available to the public.

d) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Notes to the accounts (continued)

For the year ended 31 December 2004

2. (Loss)/profit on ordinary activities before taxation

Audit fees for the current and prior years have been borne by the ultimate parent company. No amounts were paid to the auditors in respect of non-audit services (2003 - £nil).

3. Employees and employee costs

There were no full time employees (2003 - £nil) other than directors during the year and the aggregate payroll costs were £nil (2003 - £nil). No director received any remuneration in the current year for services to the Company.

4. Interest payable and similar charges

	2004 £	2003 £
Bank interest on overdraft	<u>(13,642)</u>	<u>(13,918,357)</u>

5. Tax on (loss)/profit on ordinary activities

	2004 £	2003 £
United Kingdom corporation tax at 30% (2003:30%) based on the (loss)/profit for the period	<u>-</u>	<u>-</u>
Total current tax charge	<u>-</u>	<u>-</u>

Factors affecting the current tax charge:

(Loss)/profit on ordinary activities before taxation	<u>(13,642)</u>	<u>8,776,509</u>
Tax at the standard rate of corporation tax in the UK of 30% (2003:30%)	<u>(4,093)</u>	<u>2,632,953</u>
Permanent differences	-	(6,808,460)
Tax losses surrendered/(claimed) for no payment	<u>4,093</u>	<u>4,175,507</u>
Current tax charge	<u>-</u>	<u>-</u>

There is no provision for deferred tax in the Company on the grounds that the liability will be met by the ultimate parent company when the relevant timing differences reverse. No deferred tax has been included in the accounts of the ultimate parent company in respect of this Company, and hence the deferred tax credit /(charge) recognised in the accounts of the ultimate parent company for 2004 was £nil (2003 - £nil).

Notes to the accounts (continued)
For the year ended 31 December 2004

6. Investments

	2004 £	2003 £
<i>Shares in subsidiary undertakings:</i>		
Cost and net book value as at 1 January	<u>1,000</u>	<u>1,000</u>
Cost and net book value as at 31 December	<u><u>1,000</u></u>	<u><u>1,000</u></u>

	Business Activity	Place of incorporation and operation	% of ordinary share capital owned by the Company
BBA Financial Services (Cayman Islands) Ltd	Investment Holding Company	Cayman Islands	100.00%

7. Debtors

	2004 £	2003 £
Amounts owed by fellow group undertakings	<u>2</u>	<u>2</u>
	<u><u>2</u></u>	<u><u>2</u></u>

8. Investments - current assets

	2004 £	2003 £
Cost and net book value as at 1 January	-	250,000,000
Disposals	-	(250,000,000)
Cost and net book value as at 31 December	<u><u>-</u></u>	<u><u>-</u></u>

9. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	(13,642)	(1,356,322)
Other creditors	<u>(1,356,694)</u>	<u>(372)</u>
	<u><u>(1,370,336)</u></u>	<u><u>(1,356,694)</u></u>

Included in Other creditors is a loan of £1,356,222 from BBA Financial Services (Cayman Islands) Ltd.

Notes to the accounts (continued)

For the year ended 31 December 2004

10. Share capital

	2004 £	2003 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called-up and fully paid:		
82 ordinary shares of £1 each	<u>82</u>	<u>82</u>

11. Movement in reserves

	Share premium account £	Profit and loss account £
At 1 January 2004	1,920	(1,357,694)
Retained loss	-	(13,642)
At 31 December 2004	<u>1,920</u>	<u>(1,371,336)</u>

12. Reconciliation of movement in equity shareholders' deficit

	2004 £	2003 £
Equity shareholders' deficit at 1 January	(1,355,692)	(10,132,201)
(Loss)/profit for the period	<u>(13,642)</u>	<u>8,776,509</u>
Equity shareholders' deficit at 31 December	<u>(1,369,334)</u>	<u>(1,355,692)</u>

13. Ultimate parent company

The ultimate parent company and controlling party is BBA Group plc which is incorporated in Great Britain and registered in England and Wales. BBA Group plc is the only company which prepares group accounts incorporating the financial statement of the Company. These group financial statements are available to the public from the Company Secretary of BBA Group plc at 20 Balderton Street, London, W1K 6TL.