

A & L CF MARCH (7) LIMITED
FINANCIAL STATEMENTS
31 MARCH 2006

Company Registration Number 5085910

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A & L CF MARCH (7) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

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A & L CF MARCH (7) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

M W Evans
C S Jones
C R Morley
A B Swann
R L Towers

COMPANY SECRETARY

R A Hawker

REGISTERED OFFICE

Building 3 Floor 2
Carlton Park
Narborough
Leicester
LE19 0AL

AUDITOR

Deloitte & Touche LLP
Chartered Accountants
& Registered Auditors
Manchester

BANK

Alliance & Leicester Commercial Bank plc
Bridle Road
Bootle
Merseyside
GIR 0AA

A & L CF MARCH (7) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Alliance & Leicester plc and operates as part of the group's Commercial Bank Division.

The company's principal activities are those of lessors and financiers of assets for the corporate and public sectors.

As shown in the company's profit and loss account on page 8 the company's operating profit fell during the year compared to the prior year.

The balance sheet on page 9 shows that the net liabilities for the company increased during the year. Details of amounts owed to the company's immediate parent undertaking at 31 March 2006 are shown in note 9 to the financial statements.

Alliance & Leicester plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Commercial Bank division of Alliance & Leicester plc, which includes the company, is discussed in the group's Annual Report which does not form part of this Report.

Principal risks and uncertainties

The company manages its risk in line with the Group's risk management policy and control framework which is disclosed in the group's Annual Report.

The financial risks of the company are managed by the Group Treasury function of the ultimate parent company, Alliance & Leicester plc.

The company is mainly financed by loans from its immediate parent undertaking and the level of the third party debt is not considered to be material.

There were no residual values of finance agreements included in the net investment in finance agreements.

A & L CF MARCH (7) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

Environment

The Alliance & Leicester plc group recognises that it has a responsibility to act in a way that respects the environment. The company operates in accordance with group policies which are described in the group's Annual Report which does not form part of this report.

Employees

As disclosed in note 3 to the financial statements the company had no employees in either the current year or the prior year. Services to the company are carried out by employees of the immediate parent undertaking, Alliance & Leicester Commercial Finance plc. Responsibility for all employee related matters rests with the Alliance & Leicester plc Director of Group Human Resources. Group responsibilities on employee related matters are disclosed in the Alliance & Leicester Annual Report - Corporate Social Responsibility Report.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend (year to 31 March 2005: £Nil).

DIRECTORS

The directors who served the company throughout the year were as follows:

M W Evans
C R Morley
A B Swann
R L Towers

C S Jones was appointed as a director on 1 January 2007.

None of the directors holds any beneficial interest in the shares or debentures of this company. The directors of this company were also directors of the immediate parent company and their interests in other group companies are shown in that company's accounts.

Each of the persons who is a director at the approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given in accordance with the provisions of S234ZA of the Companies Act 1985.

A & L CF MARCH (7) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

DISCLOSURE OF INDEMNITIES

The directors confirm that under S.309A of the Companies Act:-

a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the ultimate parent company Alliance & Leicester plc) is in force for the benefit of all the directors of the company and;

b) for the financial year ended 31 March 2006 a qualifying third party indemnity provision (provided by the ultimate parent company Alliance & Leicester plc) was in force for the benefit of all the directors of the company.

The directors confirm that under S310 of the Companies Act there is no qualifying third party indemnity provision for one or more directors of an associated company either on the date the Directors' Report is signed or in the last financial year.

AUDITORS

The company has by elective resolution, dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Deloitte & Touche LLP, will be deemed to be re-appointed for each succeeding year.

Signed on behalf of the directors



C R Morley
Director

Approved by the directors on 19 January 2007.

A & L CF MARCH (7) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 MARCH 2006

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with United Kingdom GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 10 and 11 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; 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. The directors are also responsible for establishing and maintaining systems 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & L CF MARCH (7) LIMITED

We have audited the financial statements of A & L CF March (7) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. 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 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 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
A & L CF MARCH (7) LIMITED** *(continued)*

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2006 and of the loss 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.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Manchester

24/01/07

A & L CF MARCH (7) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
Turnover	2	106,775	10,842
Administrative expenses		(123,701)	(1,313)
Operating (loss)/profit		(16,926)	9,529
Interest payable and similar charges	5	(52,771)	(7,881)
(Loss)/profit on ordinary activities before taxation		(69,697)	1,648
Tax on (loss)/profit on ordinary activities	6	20,909	(494)
(Loss)/profit for the financial year	13	(48,788)	1,154
Balance brought forward		(406)	(1,560)
Balance carried forward		<u>(49,194)</u>	<u>(406)</u>

All of the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £48,788 attributable to the shareholders for the year ended 31 March 2006 (year to 31 March 2005 - profit of £1,154).

The notes on pages 10 to 15 form part of these financial statements.

A & L CF MARCH (7) LIMITED

BALANCE SHEET

31 MARCH 2006

	Note	£	2006 £	£	2005 £
Current assets					
Debtors due within one year	7	639,668		31,709	
Debtors due after one year	7	<u>11,976,862</u>		<u>107,928</u>	
		12,616,530		139,637	
Creditors: Amounts falling due within one year	9	<u>(12,539,041)</u>		<u>(135,314)</u>	
Net current assets			77,489		4,323
Total assets less current liabilities			<u>77,489</u>		<u>4,323</u>
Provisions for liabilities and charges					
Deferred taxation	10		(126,682)		(4,728)
Net liabilities			<u>(49,193)</u>		<u>(405)</u>
Capital and reserves					
Called-up equity share capital	12		1		1
Profit and loss account			<u>(49,194)</u>		<u>(406)</u>
Equity shareholders' deficit	13		<u>(49,193)</u>		<u>(405)</u>

These financial statements were approved by the directors on the 19 January 2007 and are signed on their behalf by:



C R Mooney
Director

The notes on pages 10 to 15 form part of these financial statements.

A & L CF MARCH (7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. Accounting policies

Basis of accounting

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

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

The company has complied with the Statement of Recommended Practice on Accounting Issues in the Asset Finance and Leasing Industry, issued by the Finance and Leasing Association.

Cash flow statement

Under Financial Reporting Standard No 1 (revised 1996) "Cash flow statements" the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

The company has taken advantage of the exemption offered by Financial Reporting Standard 8 "Related party disclosures" and is therefore not required to disclose transactions with other group companies.

Finance and rental agreements

In accordance with Statement of Standard Accounting Practice No. 21, "Accounting for leases and hire purchase contracts", the minimum lease payments receivable from finance lease and other finance agreements, less appropriate future income arising from finance charges, are included in debtors.

Assets acquired for the purpose of renting out under operating lease agreements are capitalised and depreciated in accordance with the accounting policy set out below.

Turnover comprises:

Finance lease agreements: the income component of repayments which are credited to the profit and loss account using methods which produce a constant rate of return on the net cash investment.

Operating lease agreements: accounting rentals recognised on a straight line basis over the period of the lease.

Provisions for bad and doubtful debts: a charge equal to the losses written off in the year, recoveries and the movement in provisions.

Cost of sales relates to:

Operating lease agreements: depreciation of operating lease assets.

A & L CF MARCH (7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. Accounting policies *(continued)*

Depreciation

Depreciation is provided on operating lease assets at rates calculated to write off the cost of the assets, less estimated residual value, over their useful economic lives using methods which allocate depreciation charges on a systematic basis to the periods which are expected to benefit from their use.

Operating lease assets are regularly reviewed for impairment in accordance with Financial Reporting Standard No 11 "Impairment of fixed assets and goodwill". When an asset's carrying value has been impaired the amount is charged to the profit and loss account in the year of impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rate and the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Provisions for bad and doubtful debts

Specific provisions are made in respect of finance and rental agreements where recovery is considered doubtful; a general provision is made for losses which, although not specifically identified, are known to be inherent in any portfolio of lending. The provisions are deducted from the net investment in finance agreements. The charge in the profit and loss account comprises write offs, recoveries and the net movement in provisions in the year. The charge has been deducted from turnover.

A & L CF MARCH (7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

2. Turnover

Amounts receivable during the year from which turnover and gross profit are derived is as follows:

	2006 £	2005 £
Amounts due on:		
Operating leases	-	-
Finance leases	25,900	40,304
	<u>25,900</u>	<u>40,304</u>

New business written in the year is as follows:

	2006 £	2005 £
Operating leases	-	-
Finance leases	11,807,239	-
	<u>11,807,239</u>	<u>-</u>

3. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year or the preceding year.

The company had no employees in either the current year or the preceding year.

The directors received no remuneration for their services to this company in either the current or preceding year. The directors are also directors of the immediate parent company, Alliance & Leicester Commercial Finance plc and the majority of their activities relate to services carried out in relation to Alliance & Leicester Commercial Finance plc and other group companies. Therefore the directors deem it inappropriate to directly allocate any of their costs to the profit and loss account of this company.

4. Auditors' remuneration

Auditors' remuneration was borne by the immediate parent company, Alliance & Leicester Commercial Finance plc, in both the current year and the preceding year.

5. Interest payable and similar charges

	2006 £	2005 £
Amounts payable to immediate parent undertakings	<u>52,771</u>	<u>7,881</u>

A & L CF MARCH (7) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

6. Taxation on ordinary activities

(a) Analysis of credit in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (31 Mar 05 - 30%)	(142,863)	(4,124)
Over provision in prior year	-	(2,929)
Total current tax credit	<u>(142,863)</u>	<u>(7,053)</u>
Deferred tax:		
Origination and reversal of timing differences	121,954	4,618
Adjustment in respect of previous years:		
Under provision in respect of prior periods	-	2,929
Total deferred tax charge (note 10)	<u>121,954</u>	<u>7,547</u>
Tax on (loss)/profit on ordinary activities	<u>(20,909)</u>	<u>494</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
(Loss)/profit on ordinary activities before taxation	<u>(69,697)</u>	<u>1,648</u>
Profit/(loss) on ordinary activities by rate of tax	(20,909)	494
Capital allowances in excess of taxable lease receipts	(121,954)	(4,618)
Over provision in respect of prior periods	-	(2,929)
Total current tax (note 6(a))	<u>(142,863)</u>	<u>(7,053)</u>

7. Debtors

	2006 £	2005 £
Net investment in finance agreements (note 8)	<u>12,616,530</u>	<u>139,637</u>

A & L CF MARCH (7) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

7. Debtors *(continued)*

The debtors above include the following amounts falling due after more than one year:

	2006 £	2005 £
Net investment in finance agreements	<u>11,976,862</u>	<u>107,928</u>

8. Finance agreements

	2006 £	2005 £
Net investment in finance agreements	<u>12,616,530</u>	<u>139,637</u>

9. Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	105,179	—
Amounts owed to group undertakings	<u>12,433,862</u>	<u>135,314</u>
	<u>12,539,041</u>	<u>135,314</u>

10. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2006 £	2005 £
Provision brought forward	4,728	(2,819)
Profit and loss account movement arising during the year (note 6)	<u>121,954</u>	<u>7,547</u>
Provision carried forward	<u>126,682</u>	<u>4,728</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006 £	2005 £
Excess of taxation allowances over depreciation	<u>126,682</u>	<u>4,728</u>
	<u>126,682</u>	<u>4,728</u>

11. Related party transactions

The company has taken advantage of the exemption offered by Financial Reporting Standard 8 "Related party disclosures" and is therefore not required to disclose transactions with other group companies.

A & L CF MARCH (7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

12. Share capital

Authorised share capital:

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	No	2006	No	2005
		£		£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

13. Reconciliation of movements in equity shareholders' deficit

	2006	2005
	£	£
(Loss)/profit for the financial year	(48,788)	1,154
Opening equity shareholders' deficit	<u>(405)</u>	<u>(1,559)</u>
Closing equity shareholders' deficit	<u>(49,193)</u>	<u>(405)</u>

14. Ultimate parent company

The immediate parent company, Alliance & Leicester Commercial Finance plc, is a subsidiary of Alliance & Leicester plc which is the controlling party and ultimate parent undertaking incorporated in England and Wales.

The largest and smallest Group in which the results of the company are consolidated is that headed by Alliance & Leicester plc. The consolidated accounts of this Group are available to the public and may be obtained from Carlton Park, Narborough, Leicester, LE19 0AL.