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WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2004**



WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2004**

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WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	M A Richardson, FCA J I Dean
COMPANY SECRETARY	M A Richardson, FCA
REGISTERED OFFICE	Cornelius House 178/180 Church Road Hove East Sussex BN3 2DJ
COMPANY NUMBER	1927248
AUDITORS	The Parker Partnership Cornelius House 178/180 Church Road Hove East Sussex BN3 2DJ
BANKERS	Bank of Scotland 21 Prince Street Bristol BS99 7JG

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report on the affairs of the Company together with the accounts and auditors' report for the year ended 31st December 2004.

Principal Activities

The principal activity of the Company for the year was the provision of lease management and management and administrative services to its clients and fellow subsidiary companies. The Company has a subsidiary company, Equipment Supply Company Limited, whose principal activities for the year were those of a purchasing agent of equipment for leasing by related companies and clients and the provision of lease finance.

Results and Dividends

The Company made a profit for the year after taxation of £20,762.

The Directors do not recommend payment of a final dividend for the year.

Directors

The Directors of the Company during the year are listed below. The interests of the Directors in office at the end of the year in the shares of the parent company are as follows:

	2004	2003
M A Richardson		
B Ordinary shares	37,000	37,000
C Ordinary shares	4,940	4,940
J I Dean		
A Ordinary shares	13,980	13,980
A P Covill (resigned 30 September 2004)		

ON BEHALF OF THE BOARD



M A RICHARDSON
Director

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED 31ST DECEMBER 2004

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out in note 2.

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 THE DIRECTORS AND THE AUDITORS

As described in note 1, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company 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.

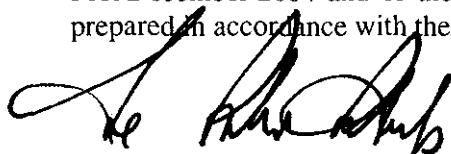
BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 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.

OPINION

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



THE PARKER PARTNERSHIP

Chartered Accountants
and Registered Auditors

24th October 2005

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2004

	Notes	2004	2003
		£	£
FIXED ASSETS			
Tangible assets	3	5,769	3,370
Investment	4	100	100
		<u>5,869</u>	<u>3,470</u>
CURRENT ASSETS			
Debtors due within one year	5	152,485	100,329
Cash		199,248	806,523
		<u>351,733</u>	<u>906,852</u>
CREDITORS: Amounts falling due within one year	6	<u>132,955</u>	<u>449,077</u>
NET CURRENT ASSETS		218,778	457,775
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>224,647</u>	<u>461,245</u>
DEFERRED TAXATION	7	-	257,360
		<u>224,647</u>	<u>203,885</u>
CAPITAL AND RESERVES			
Called up Share Capital	8	1,000	1,000
Profit and Loss Account		223,647	202,885
		<u>224,647</u>	<u>203,885</u>



M A RICHARDSON
Director

Date accounts approved by the Board: 21st October 2005

The notes attached form part of these accounts

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004**

	Notes	2004		2003	
		£	£	£	£
TURNOVER	9		362,203		979,288
Other external charges		126,849		436,494	
Staff costs	10	419,547		497,783	
Depreciation and other amounts					
Written off tangible fixed assets		2,191		2,100	
Other operating charges		80,607		69,254	
			629,194		1,005,631
			(266,991)		(26,343)
Interest receivable			18,393		24,362
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	11		(248,598)		(1,981)
Tax on Loss on Ordinary Activities	13		269,360		5,683
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			20,762		3,702
STATEMENT OF RETAINED EARNINGS					
Profit brought forward			202,885		199,183
Profit for the year			20,762		3,702
Profit carried forward			223,647		202,885

The Company has no recognised gains or losses other than the results for the year as set out above.
All of the activities of the Company are classed as continuing.

The attached notes form part of these accounts

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2004

1. DIRECTORS' RESPONSIBILITIES

Directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the Company at the balance sheet date and of the Company's results for the period then ended.

In preparing those accounts, directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost accounting convention and present information about the Company as an individual undertaking and not about its group.

Group Accounts have not been prepared as the Company is exempt, by virtue of S.228(1) Companies Act 1985, as a wholly owned subsidiary of Western Finance and Leasing Company Limited, a company registered in England for which group accounts are produced.

Depreciation is calculated to write off the cost of tangible fixed assets in annual instalments over their expected useful lives from the date of purchase at 20% on cost.

Turnover comprises lease brokerage fees and management fees for services provided and finance lease income.

Investments in subsidiary undertakings are stated at cost.

Pension Costs charged to profit and loss account represent contributions paid by the Company to the defined contribution pension schemes for a Director and the staff. The assets of the schemes are held separately from those of the Company in independently administered funds.

Finance Lease income is credited to profit and loss account over the life of the underlying lease. The net investment in finance leases is classified as finance lease receivables within debtors. Secondary rentals receivable are credited to profit and loss account as operating lease rentals.

Deferred tax is provided in full.

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

3. TANGIBLE FIXED ASSETS

	£
Office Equipment	
Cost	
At 1 st January 2004	32,774
Additions in year	4,590
Disposals in year	(7,629)
	<hr/>
At 31 st December 2004	29,735
	<hr/>
Depreciation	
At 1 st January 2004	29,404
Charge for year	2,191
On disposals	(7,629)
	<hr/>
At 31 st December 2004	23,966
	<hr/>
Net Book Value:	
At 31 st December 2004	5,769
	<hr/>
At 31 st December 2003	3,370
	<hr/>

4. FIXED ASSET INVESTMENTS

	2004 £	2003 £
Subsidiary Undertakings		
Cost:	100	100
	<hr/>	<hr/>

The Company owns 100% of Equipment Supply Company Limited, a leasing and asset purchasing agent, registered in England. Equipment Supply Company Limited made a profit for the year after tax of £84,420 and has reserves of £119,444.

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

5. DEBTORS Amounts falling due within one year

	2004 £	2003 £
Finance lease receivables	113,305	189,636
Payments received in advance	(113,305)	(189,636)
Net investment in finance leases	-	-
Trade debtors	136,036	80,551
Prepayments	16,449	19,778
	<u>152,485</u>	<u>100,329</u>
Finance Leases:		
Assets purchased in the year	37,500	51,000
Rentals receivable in the year	<u>136,156</u>	<u>172,629</u>

6. CREDITORS: Amount falling due in less than one year

	2004 £	2003 £
Trade creditors	994	38,191
Due to parent company	-	130,687
Due to subsidiary undertakings	-	153,349
Corporation tax	-	12,000
Social security and other taxes	14,537	38,727
Accruals	64,312	8,454
Deferred income	53,112	67,669
	<u>132,955</u>	<u>449,077</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

7. TAXATION PROVISIONS

	2004 £	2003 £
Deferred taxation:		
Accelerated capital allowances	34,150	43,750
Short term timing differences	(4,370)	(2,960)
Tax losses	(62,405)	-
Advance Corporation Tax	(55,445)	(55,445)
	<u>(88,070)</u>	<u>(14,655)</u>
Other	-	272,015
Provision	-	<u>257,360</u>

8. CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each	
	2004 £	2003 £
Authorised	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid	<u>1,000</u>	<u>1,000</u>

9. TURNOVER

The turnover is attributable to the principal activity of the Company.

10. STAFF COSTS

The average number of persons employed by the Company, including the Directors during the year was 6 (2003:5).

Aggregate payroll costs of these persons:	2004 £	2003 £
Wages and Salaries	216,475	207,449
Social Security Costs	22,272	22,581
Other Pension Costs	16,800	133,253
Recruitment Costs	-	1,500
	<u>255,547</u>	<u>364,783</u>
Management fee to parent company	164,000	133,000
	<u>419,547</u>	<u>497,783</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

11. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss before taxation is stated after:

	2004 £	2003 £
Crediting:		
Interest receivable	18,393	24,362
And Charging:		
Operating lease rental	37,223	34,020
Depreciation of fixed assets	2,191	2,100
Auditors remuneration	3,000	3,350
Directors' emoluments	128,124	242,330

12. DIRECTORS EMOLUMENTS

Directors' emoluments were paid in respect of the Directors of the Company as follows:

	2004 £	2003 £
Management fee to parent company	164,000	133,000
Salary and benefits	113,124	111,877
Money purchase pension schemes	15,000	130,453
	<u>292,124</u>	<u>375,330</u>

13. TAX CREDIT / (CHARGE) ON LOSS ON ORDINARY ACTIVITIES

	2004 £	2003 £
Corporation tax at 19%	-	(12,000)
Deferred tax at 30%	73,415	17,440
	<u>73,415</u>	<u>5,440</u>
Prior year corporation tax	-	243
Prior year group relief	12,000	(10,755)
Prior year deferred tax	183,945	10,755
	<u>269,360</u>	<u>5,683</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

14. CONTINGENCIES

The Company had no contingent liabilities at 31st December 2004.

15. FINANCIAL COMMITMENTS

The Company had an annual commitment under a non-cancellable lease on its London offices expiring in May 2013 of £31,050.

The Company had no capital commitments at 31st December 2004.

16. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Western Finance and Leasing Company Limited, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

During the year, the Company incurred consultancy fees of £30,834 payable to Arthur Finance Limited. This company was related by reason of Mr Covill's interest.

17. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Western Finance and Leasing Company Limited, a company registered in England.

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

INFORMATION FOR DIRECTORS

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004

	2004		2003	
	£	£	£	£
TURNOVER				
Brokerage fees:				
Third parties		343,992		962,504
Leasing income:				
Finance lease income	17,611		16,484	
Secondary rentals	<u>600</u>		<u>300</u>	
		18,211		16,784
Interest receivable		18,393		24,362
		<u>380,596</u>		<u>1,003,650</u>
Less: Expenditure				
Other external charges	126,849		436,494	
Staff costs	419,547		497,783	
Other operating charges	80,607		69,254	
Depreciation	<u>2,191</u>		<u>2,100</u>	
		629,194		1,005,631
Operating loss for the year		<u>(248,598)</u>		<u>(1,981)</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT ANALYSES FOR THE YEAR ENDED 31ST DECEMBER 2004

	2004		2003	
	£	£	£	£
Other External Charges:				
Legal fees re projects		10,000		-
Commissions		86,015		377,333
Arthur Finance Ltd		30,834		59,161
		<u>126,849</u>		<u>436,494</u>
Staff Costs:				
Salaries	85,027		93,849	
Redundancy payment	16,250		-	
National Insurance	10,030		10,318	
Medical Insurance	2,074		1,723	
Pension Contributions	1,800		2,800	
Recruitment fees	-		1,500	
		<u>115,181</u>		<u>110,190</u>
Directors:				
Salaries and Bonuses	103,750		105,000	
Insurances	9,374		6,877	
Pension Contribution	15,000		130,453	
	<u>128,124</u>		<u>242,330</u>	
National Insurance	12,242		12,263	
		<u>140,366</u>		<u>254,593</u>
Western Finance and Leasing Co. Ltd		164,000		133,000
		<u>419,547</u>		<u>497,783</u>
Other Operating Charges:				
Rent, Rates and Services		37,223		34,020
Communications		3,231		1,347
Printing, Postage & Stationery		8,178		15,442
Marketing		2,123		2,737
Office Expenses		5,034		5,337
Motor Expenses		267		508
Travelling Expenses		864		1,881
Legal and Professional		4,613		363
Bookkeeping Services		7,450		8,430
Accountancy and Taxation		2,830		(11,066)
Entertaining		5,672		6,560
Bank Charges		122		345
Auditors Remuneration		3,000		3,350
		<u>80,607</u>		<u>69,254</u>