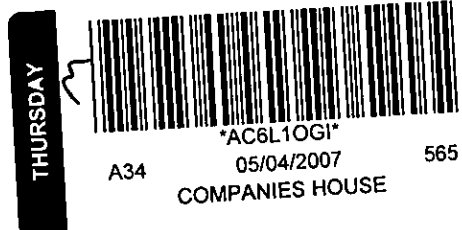


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WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2006**



WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2006**

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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	Parkers Chartered Accountants and Registered Auditors 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 2006

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 £18,980.

The subsidiary company, Equipment Supply Company Limited, has declared a final dividend for the year of £100,000.

The Directors recommend payment of a final dividend for the year of £200,000.

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:

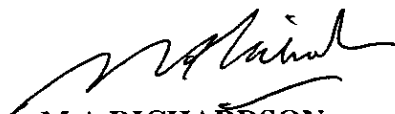
	2006	2005
M A Richardson		
B Ordinary shares	37,000	37,000
C Ordinary shares	4,940	4,940
J I Dean		
A Ordinary shares	13,980	13,980

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each 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 report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD


M A RICHARDSON
Director

REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS OF WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

We have audited the financial statements of Western Industrial Finance Company Limited for the year ended 31st December 2006 on pages 5 to 12. 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 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 (United Kingdom Generally Accepted Accounting Practice).

It is our responsibility 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 Report of the Directors 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.

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 the Company's affairs as at 31st December 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.


PARKERS

Chartered Accountants and Registered Auditors

Date  2007

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2006

	Notes	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	3		3,187		3,717
Investment	4		100		100
			<u>3,287</u>		<u>3,817</u>
CURRENT ASSETS					
Debtors due within one year	5	45,028		688,348	
Cash		821,439		81,639	
		<u>866,467</u>		<u>769,987</u>	
CREDITORS: Amounts falling due within one year	6	<u>474,023</u>		<u>411,958</u>	
NET CURRENT ASSETS			392,444		358,029
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>395,731</u>		<u>361,846</u>
PROVISIONS					
Deferred taxation	7		14,905		-
			<u>380,826</u>		<u>361,846</u>
CAPITAL AND RESERVES					
Called up Share Capital	8		1,000		1,000
Profit and Loss Account			379,826		360,846
			<u>380,826</u>		<u>361,846</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:


.....

M A RICHARDSON
Director

Date accounts approved by the Board
The notes attached form part of these accounts

29th March, 2007

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Notes	2006	2005
		£	£
TURNOVER	9	561,952	746,513
Other external charges		3,672	137,796
Staff costs	10	464,614	322,241
Depreciation and other amounts			
Written off tangible fixed assets		1,304	2,052
Other operating charges		<u>74,645</u>	<u>154,477</u>
		544,235	616,566
		<u>17,717</u>	<u>129,947</u>
Interest receivable		32,768	7,252
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	11	50,485	137,199
Tax on Profit on Ordinary Activities	13	(31,505)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>18,980</u>	<u>137,199</u>
STATEMENT OF RETAINED EARNINGS			
Profit brought forward		360,846	223,647
Profit for the year		<u>18,980</u>	<u>137,199</u>
Profit carried forward		<u>379,826</u>	<u>360,846</u>

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 2006

1. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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,
- 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 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 liabilities are provided in full

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2006

3. TANGIBLE FIXED ASSETS

	£
Office Equipment	
Cost	
At 1 st January 2006	29,735
Additions in year	774
Disposals in year	-
	<hr/>
At 31 st December 2006	30,509
	<hr/>
Depreciation	
At 1 st January 2006	26,018
Charge for year	1,304
On disposals	-
	<hr/>
At 31 st December 2006	27,322
	<hr/>
Net Book Value:	
At 31 st December 2006	3,187
	<hr/>
At 31 st December 2005	3,717
	<hr/>

4. FIXED ASSET INVESTMENTS

	2006 £	2005 £
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 £10,017 (2005 loss £15,077) and has net assets of £114,484 (2005 £104,467)

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2006

5. DEBTORS Amounts falling due within one year

	2006 £	2005 £
Finance lease receivables	438,675	551,782
Payments received in advance	(438,675)	(441,658)
Net investment in finance leases	<u>-</u>	<u>110,124</u>
Trade debtors	23,474	40,710
Other debtors	-	485,000
Due from parent undertaking	-	15,000
Value Added Tax	-	14,874
Prepayments	21,554	22,640
	<u>45,028</u>	<u>688,348</u>
Finance Leases:		
Assets purchased in the year	425,000	549,601
Rentals receivable in the year	<u>563,402</u>	<u>259,915</u>

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

	2006 £	2005 £
Trade creditors	103,525	23,711
Due to subsidiary undertaking	162,000	125,306
Social security and other taxes	9,898	5,055
Corporation tax	16,600	-
Accruals	139,099	176,434
Deferred income	42,901	81,452
	<u>474,023</u>	<u>411,958</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2006

7. TAXATION PROVISIONS

	2006 £	2005 £
Deferred taxation:		
Accelerated capital allowances	27,775	60,350
Short term timing differences	(12,870)	(18,655)
Tax losses	-	(17,160)
Advance Corporation Tax (ACT) provided	-	(24,535)
	<u>14,905</u>	<u>-</u>
Asset not provided (ACT)	<u>(55,445)</u>	<u>(30,910)</u>

8. CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each	
	2006 £	2005 £
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 5 (2005 5)

	2006 £	2005 £
Aggregate payroll costs of these persons		
Wages and Salaries	159,259	152,917
Social Security Costs	17,047	16,224
Other Pension Costs	18,308	18,100
	<u>194,614</u>	<u>187,241</u>
Management fee to parent company	270,000	135,000
	<u>464,614</u>	<u>322,241</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2006

11. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is stated after

	2006 £	2005 £
Crediting:		
Interest receivable	32,768	7,252
And Charging:		
Operating lease rental	29,258	29,258
Depreciation of fixed assets	1,304	2,052
Auditors remuneration	3,000	3,000
Directors' emoluments	395,108	260,043

12. DIRECTORS EMOLUMENTS

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

	2006 £	2005 £
Management fee to parent company	270,000	135,000
Salary and benefits	110,108	110,043
Money purchase pension scheme	15,000	15,000
	<u>395,108</u>	<u>260,043</u>

13. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Corporation tax at 19%	(16,600)	-
Deferred tax	9,630	-
	<u>(6,970)</u>	<u>-</u>
Prior year deferred tax	(24,535)	-
	<u>(31,505)</u>	<u>-</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2006

14. CONTINGENCIES

The Company had no contingent liabilities at 31st December 2006

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 2006

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

17. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Western Finance and Leasing Company Limited, a company registered in England and Wales, and controlled by Mr M A Richardson