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**WESTERN INDUSTRIAL FINANCE COMPANY LIMITED**

**REPORT AND ACCOUNTS FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**



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**WESTERN INDUSTRIAL FINANCE COMPANY LIMITED**

**REPORT AND ACCOUNTS FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

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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 31<sup>st</sup> December 2005.

### 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 £137,199.

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:


	2005	2004
<b>M A Richardson</b>		
B Ordinary shares	37,000	37,000
C Ordinary shares	4,940	4,940
<b>J I Dean</b>		
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 31<sup>st</sup> December 2005 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**

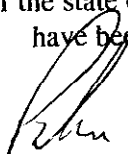
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2005 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: 6th October 2006

**WESTERN INDUSTRIAL FINANCE COMPANY LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER 2005**

	Notes	2005	2004
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	3	3,717	5,769
Investment	4	100	100
		<u>3,817</u>	<u>5,869</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	5	688,348	152,485
Cash		81,639	199,248
		<u>769,987</u>	<u>351,733</u>
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>411,958</u>	<u>132,955</u>
<b>NET CURRENT ASSETS</b>		358,029	218,778
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>361,846</u>	<u>224,647</u>
<b>PROVISIONS</b>			
Deferred taxation	7	-	-
		<u>361,846</u>	<u>224,647</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	8	1,000	1,000
Profit and Loss Account		360,846	223,647
		<u>361,846</u>	<u>224,647</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: 2nd October 2006.  
 The notes attached form part of these accounts

# WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005

	Notes	2005		2004	
		£	£	£	£
<b>TURNOVER</b>	9		746,513		362,203
Other external charges		137,796		126,849	
Staff costs	10	322,241		419,547	
Depreciation and other amounts					
Written off tangible fixed assets		2,052		2,191	
Other operating charges		<u>154,477</u>		<u>80,607</u>	
			616,566		629,194
			<u>129,947</u>		<u>(266,991)</u>
Interest receivable			7,252		18,393
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	11		137,199		(248,598)
Tax on Profit/(Loss) on Ordinary Activities	13		-		269,360
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<u>137,199</u>		<u>20,762</u>
<b>STATEMENT OF RETAINED EARNINGS</b>					
Profit brought forward			223,647		202,885
Profit for the year			<u>137,199</u>		<u>20,762</u>
Profit carried forward			<u>360,846</u>		<u>223,647</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 31<sup>st</sup> DECEMBER 2005

### 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 31<sup>ST</sup> DECEMBER 2005

### 3. TANGIBLE FIXED ASSETS

	£
<b>Office Equipment</b>	
<b>Cost</b>	
At 1 <sup>st</sup> January 2005	29,735
Additions in year	-
Disposals in year	-
	<hr/>
At 31 <sup>st</sup> December 2005	29,735
	<hr/>
<b>Depreciation</b>	
At 1 <sup>st</sup> January 2005	23,966
Charge for year	2,052
On disposals	-
	<hr/>
At 31 <sup>st</sup> December 2005	26,018
	<hr/>
<b>Net Book Value:</b>	
At 31 <sup>st</sup> December 2005	3,717
	<hr/>
At 31 <sup>st</sup> December 2004	5,769
	<hr/>

### 4. FIXED ASSET INVESTMENTS

	2005 £	2004 £
<b>Subsidiary Undertakings</b>		
<b>Cost:</b>	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 loss for the year after tax of £(15,077) (2004: profit £84,420) and has net assets of £104,467 (2004: £119,544).

# WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005

### 5. DEBTORS Amounts falling due within one year

	2005 £	2004 £
Finance lease receivables	551,782	113,305
Payments received in advance	(441,658)	(113,305)
Net investment in finance leases	<u>110,124</u>	<u>-</u>
Trade debtors	40,710	136,036
Other debtors	485,000	-
Due from parent undertaking	15,000	-
Value Added Tax	14,874	-
Prepayments	22,640	16,449
	<u>688,348</u>	<u>152,485</u>
<b>Finance Leases:</b>		
Assets purchased in the year	549,601	37,500
Rentals receivable in the year	<u>259,915</u>	<u>136,156</u>

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

	2005 £	2004 £
Trade creditors	23,711	994
Due to subsidiary undertaking	125,306	-
Social security and other taxes	5,055	14,537
Accruals	176,434	64,312
Deferred income	81,452	53,112
	<u>411,958</u>	<u>132,955</u>

# WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005

### 7. TAXATION PROVISIONS

	2005 £	2004 £
<b>Deferred taxation:</b>		
Accelerated capital allowances	60,550	34,150
Short term timing differences	(18,655)	(4,370)
Tax losses	(19,000)	(62,405)
Advance Corporation Tax	(55,445)	(55,445)
	<u>(32,550)</u>	<u>(88,070)</u>
Asset not provided		

### 8. CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each	
	2005 £	2004 £
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 (2004:6).

Aggregate payroll costs of these persons:	2005 £	2004 £
Wages and Salaries	152,917	216,475
Social Security Costs	16,224	22,272
Other Pension Costs	18,100	16,800
	<u>187,241</u>	<u>255,547</u>
Management fee to parent company	135,000	164,000
	<u>322,241</u>	<u>419,547</u>

# WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005

### 11. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) before taxation is stated after:

	2005 £	2004 £
<b>Crediting:</b>		
Interest receivable	7,252	18,393
<b>And Charging:</b>		
Operating lease rental	29,258	32,563
Depreciation of fixed assets	2,052	2,191
Auditors remuneration	3,000	3,000
Directors' emoluments	261,902	292,124

### 12. DIRECTORS EMOLUMENTS

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

	2005 £	2004 £
Management fee to parent company	135,000	164,000
Salary and benefits	111,902	113,124
Money purchase pension scheme	15,000	15,000
	<u>261,902</u>	<u>292,124</u>

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

	2005 £	2004 £
Corporation tax	-	-
Deferred tax at 30%	-	73,415
	<u>-</u>	<u>73,415</u>
Prior year corporation tax	-	-
Prior year group relief	-	12,000
Prior year deferred tax	-	183,945
	<u>-</u>	<u>269,360</u>

## **WESTERN INDUSTRIAL FINANCE COMPANY LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2005**

#### **14. CONTINGENCIES**

The Company had no contingent liabilities at 31<sup>st</sup> December 2005.

#### **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 31<sup>st</sup> December 2005.

#### **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.