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WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2002**



WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**REPORT AND ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2002**

CONTENTS	PAGE
DIRECTORS AND ADVISERS	2
REPORT OF THE DIRECTORS	3
REPORT OF THE AUDITORS	4
BALANCE SHEET	5
PROFIT AND LOSS ACCOUNT	6
NOTES TO THE ACCOUNTS	7 to 12

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

M A Richardson, FCA
J I Dean
A P Covill

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 2002.

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 £54,101.


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:

	2002	2001
M A Richardson		
B Ordinary shares	37,000	37,000
C Ordinary shares	4,940	4,940
J I Dean (appointed 2 January 2002)		
A Ordinary shares	13,980	-
A P Covill	-	-

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 2002

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.

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.

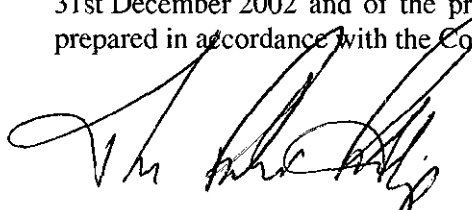
BASIS OF AUDIT OPINION

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 2002 and of the profit 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

16th September 2003

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2002

	Notes	2002	2001
		£	£
FIXED ASSETS			
Tangible assets	3	4,618	7,058
Investment	4	100	100
		<u>4,718</u>	<u>7,158</u>
CURRENT ASSETS			
Debtors due within one year	5	94,677	131,613
Investment	6	-	14,000
Cash		956,236	743,680
		<u>1,050,913</u>	<u>889,293</u>
CREDITORS: Amounts falling due within one year	7	591,403	564,334
NET CURRENT ASSETS		<u>459,510</u>	<u>324,959</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>464,228</u>	<u>332,117</u>
DEFERRED TAXATION	8	264,045	186,035
		<u>200,183</u>	<u>146,082</u>
CAPITAL AND RESERVES			
Called up Share Capital	9	1,000	1,000
Profit and Loss Account		199,183	145,082
		<u>200,183</u>	<u>146,082</u>



M A RICHARDSON
 Director

Date accounts approved by the Board: 15th September 2003

The notes attached form part of these accounts

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

	Notes	2002		2001	
		£	£	£	£
TURNOVER	10		993,050		1,673,732
Other external charges		375,867		846,599	
Staff costs	11	487,896		557,588	
Depreciation and other amounts written off tangible fixed assets		2,440		4,720	
Other operating charges		78,593		86,445	
			944,796		1,495,352
			48,254		178,380
Interest receivable			23,857		26,689
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	12		72,111		205,069
Tax on Profit on Ordinary Activities	14		(18,010)		(64,820)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			54,101		140,249
STATEMENT OF RETAINED EARNINGS					
Profit brought forward			145,082		4,833
Profit for the year			54,101		140,249
Final dividend proposed			-		-
Profit carried forward			199,183		145,082

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 2002

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.

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2002

3. TANGIBLE FIXED ASSETS

	£
Office Equipment	
Cost	
At 1 st January 2002	31,922
Additions in year	-
Disposals in year	-
At 31 st December 2002	<u>31,922</u>
Depreciation	
At 1 st January 2002	24,864
Charge for year	2,440
On disposals	-
At 31 st December 2002	<u>27,304</u>
Net Book Value:	
At 31 st December 2002	<u>4,618</u>
At 31 st December 2001	<u>7,058</u>

4. FIXED ASSET INVESTMENTS

	2002 £	2001 £
Subsidiary Undertakings		
Cost:	100	100

The Company owns 100% of Equipment Supply Company Limited, a leasing and asset purchasing agent, registered in England.

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2002

5. DEBTORS Amounts falling due within one year

	2002 £	2001 £
Finance lease receivables	305,670	315,518
Payments received in advance	(305,670)	(315,518)
Net investment in finance leases	<u>-</u>	<u>-</u>
Trade debtors	88,454	6,433
Amount due from parent company	-	108,039
Value Added Tax	-	9,251
Other debtors	-	2,000
Prepayments	6,223	5,890
	<u>94,677</u>	<u>131,613</u>
Finance Leases:		
Assets purchased in the year	159,150	170,560
Rentals receivable in the year	<u>200,108</u>	<u>441,118</u>

6. INVESTMENTS

	2002 £	2001 £
Debenture	-	14,000
	<u>-</u>	<u>14,000</u>

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

	2002 £	2001 £
Trade creditors	26,682	6,474
Due to parent company	90,732	120,000
Due to subsidiary undertakings	153,525	153,349
Corporation tax	11,000	71,000
Social security and other taxes	78,570	57,199
Proposed dividend	-	-
Accruals	133,066	125,999
Deferred income	97,828	30,313
	<u>591,403</u>	<u>564,334</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2002

8. TAXATION PROVISIONS

	2002 £	2001 £
Deferred taxation:		
Accelerated capital allowances	64,460	60,580
Short term timing differences	(6,230)	(9,100)
Advance Corporation Tax	(55,445)	(55,445)
	<u>2,785</u>	<u>(3,965)</u>
 Group relief	 261,260	 190,000
	<u>264,045</u>	<u>186,035</u>

9. CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each	
	2002 £	2001 £
Authorised	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid	<u>1,000</u>	<u>1,000</u>

10. TURNOVER

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

11. STAFF COSTS

The average number of persons employed by the Company, including the Directors during the year was 4 (2001:6).

Aggregate payroll costs of these persons:	2002 £	2001 £
Wages and Salaries	175,470	284,799
Social Security Costs	16,751	31,306
Other Pension Costs	17,675	15,733
Recruitment Costs	-	5,000
	<u>209,896</u>	<u>336,838</u>
Management fee to parent company	278,000	220,750
	<u>487,896</u>	<u>557,588</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2002

12. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation is stated after:

	2002 £	2001 £
Crediting:		
Interest receivable	23,857	26,689
And Charging:		
Operating lease rental	34,020	34,020
Depreciation of fixed assets	2,440	4,720
Auditors remuneration	4,000	2,041
Directors' emoluments	122,703	27,203

13. DIRECTORS EMOLUMENTS

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

	2002 £	2001 £
Management fee to parent company	278,000	220,750
Salary and benefits	107,703	27,203
Money purchase pension schemes	15,000	-
	<u>400,703</u>	<u>247,953</u>

14. TAX (CHARGE) / CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Corporation tax at 26% / 30%	(11,000)	(71,000)
Deferred tax at 30%	(6,750)	6,180
	<u>(17,750)</u>	<u>(64,820)</u>
Prior year corporation tax	(260)	-
Prior year group relief	(71,260)	(190,000)
Prior year deferred tax	71,260	190,000
	<u>(18,010)</u>	<u>(64,820)</u>

WESTERN INDUSTRIAL FINANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2002

15. CONTINGENCIES

The Company had no contingent liabilities at 31st December 2002.

16. FINANCIAL COMMITMENTS

The Company had an annual commitment under a non-cancellable lease on its London offices expiring in less than five years of £34,000.

The Company had no capital commitments at 31st December 2002.

17. 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 £101,318 payable to Arthur Finance Limited, of which £21,894 was outstanding as at 31st December 2002. This company is related by reason of Mr Covill's interest.

18. ULTIMATE PARENT COMPANY

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