

# **Staffordshire Leasing Limited**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **Directors**

G. M. Smith  
J. Westhoff

### **Secretary**

L. C. Colloff

### **Registered Office**

Portman House  
Richmond Hill  
Bournemouth  
BH2 6EP

### **Registered Number**

2574029 England

### **Auditors**

KPMG Audit Plc  
1 The Embankment  
Neville Street  
LEEDS, LS1 4DW



# **Staffordshire Leasing Limited**

## **Report of the Directors**

The Directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2005.

## **Activity**

The Company's principal activity is the acquisition of computer equipment for provision under lease to The Portman Building Society, and the procurement of associated computer services.

## **Review of activities**

The Directors are satisfied with the performance of the Company during the year and do not expect any material change in the trading activities of the Company in the near future.

## **Results and dividends**

The loss for the year attributable to shareholders amounted to £135,463 (2004 - profit £857,327) and is shown in the profit and loss account on page 5. No interim dividend has been paid during the year (2004 - £nil). A final preference dividend of £8,500 was proposed and paid to the holders of the preference share capital (2004 - £8,500). The Directors do not recommend payment of a dividend to the holders of the ordinary share capital (2004 - £nil).

## **Directors and Directors' Interests**

The present Board of Directors is shown on page 1.

At no time during the year have the Directors or their families had any beneficial interest in the shares of the Company or any other Company within the Group. None of the Directors had a material interest in any contract significant to the Company's business.

## **Supplier payment policy and practice**

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with. As at the year end, the Company had an average of 30 days' purchases outstanding.

## **Auditors**

The auditors, KPMG Audit Plc, have expressed their willingness to continue in office and a resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 31 January 2006



L. C. Colloff  
Secretary  
31 January 2006

## **Staffordshire Leasing Limited**

### **Statement of Directors' Responsibilities**

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Staffordshire Leasing Limited**

### **Report of the Independent Auditors' to the members of Staffordshire Leasing Limited**

We have audited the financial statements on pages 5 to 10.

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 opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Directors' Report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

1 The Embankment  
Neville Street  
LEEDS, LS1 4DW  
31 January 2006

# Staffordshire Leasing Limited

## Profit and Loss Account for the year ended 31 December

	Note	<u>2005</u>	<u>2004</u>
		£	£
Turnover		328,408	1,096,410
Cost of sales		(323,408)	(1,091,410)
<b>Gross profit</b>		<u>5,000</u>	<u>5,000</u>
Other operating income	2	103,648	78,328
Operating expenses	3	(12,488)	(14,439)
<b>Operating profit</b>		<u>96,160</u>	<u>68,889</u>
Interest receivable	4	1,058,973	821,263
<b>Profit on ordinary activities before tax</b>		<u>1,155,133</u>	<u>890,152</u>
Tax charge on profit on ordinary activities	6	(1,290,596)	(32,825)
<b>(Loss) / profit for the financial year</b>	11	<u>(135,463)</u>	<u>857,327</u>
Dividends payable	7	(8,500)	(8,500)
<b>Retained (loss) / profit for the financial year</b>	11	<u><u>(143,963)</u></u>	<u><u>848,827</u></u>

A statement of total recognised gains and losses has not been included as there were no recognised gains or losses for the current or previous financial years other than those already dealt with in the profit and loss account.

All amounts shown above derive from continuing operations.

There is no difference between the historical cost profits and losses and the profits and losses as presented in the profit and loss account above.

The accounting policies and notes on pages 7 to 10 form part of these Accounts.

# Staffordshire Leasing Limited

## Balance Sheet as at 31 December

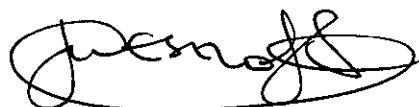
	Note	<u>2005</u>	<u>2004</u>
		£	£
<b>Current assets</b>			
Debtors:			
Amounts falling due within one year	8	22,922,294	15,803,303
Amounts falling due after more than one year	8	832,271	5,634,007
Cash at bank and in hand		29,309	357,423
<b>Total current assets</b>		<u>23,783,874</u>	<u>21,794,733</u>
Creditors: amounts falling due within one year	9	(2,852,395)	(719,291)
<b>NET ASSETS</b>		<u><b>20,931,479</b></u>	<u><b>21,075,442</b></u>
<b>Capital and reserves:</b>			
Called up share capital - equity shares	10	5,000,000	5,000,000
- preference shares	10	170,000	170,000
Share premium account		13,654,036	13,654,036
Profit and loss account		2,107,443	2,251,406
		<u><b>20,931,479</b></u>	<u><b>21,075,442</b></u>
Attributable to equity Shareholders		20,761,479	20,905,442
Attributable to non-equity Shareholders		170,000	170,000

Approved by the Board of Directors on 31 January 2006 and signed on its behalf by:

Director



Director



The accounting policies and notes on pages 7 to 10 form part of these Accounts.

# Staffordshire Leasing Limited

## NOTES TO THE ACCOUNTS

### 1 Statement of Accounting Policies

#### Basis of presentation

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

#### Cash flow statement

A cash flow statement has not been presented in the financial statements, as the Company is a wholly owned subsidiary of a UK parent undertaking and, therefore, under the revised FRS1, no such statement is required.

#### Income and Segmental reporting

Turnover is attributable to the principal activity, earned in the UK only and is recognised on an accruals basis.

#### Leases

Amounts due from lessees under finance leases are recorded as a debtor at the amount of the net investment in the lease.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

	<u>2005</u> £	<u>2004</u> £
<b>2 Other operating income</b>		
Rentals receivable from finance leases	<u>103,648</u>	<u>78,328</u>
<b>3 Operating expenses</b>		
Operating expenses include:		
Auditors' remuneration - audit services	<u>2,400</u>	<u>3,275</u>

# Staffordshire Leasing Limited

## NOTES TO THE ACCOUNTS

	<u>2005</u>	<u>2004</u>
	£	£
<b>4 Interest receivable</b>		
Interest receivable from fellow subsidiary undertaking	589,807	565,171
Interest receivable from parent undertaking	469,166	256,092
	<u>1,058,973</u>	<u>821,263</u>

## 5 Staff costs and Directors' emoluments

The Company does not employ staff. None of the Directors received emoluments for their services during the period.

## 6 Tax charge on profit on ordinary activities

The corporation tax charge for the year comprises:

Corporation tax - current year	1,216,696	132,876
Corporation tax - prior year	119,358	44,805
	<u>1,336,054</u>	<u>177,681</u>
Deferred taxation - current year	73,930	134,200
Deferred taxation - prior year	(119,388)	(279,056)
	<u>(45,458)</u>	<u>(144,856)</u>

The current tax charge for the year differs from that calculated using the standard rate of UK corporation tax as follows:

Profit on ordinary activities before tax at the standard rate of UK corporation tax	346,540	267,046
Effects of:		
Capital allowances for year in excess of depreciation	(42,836)	(110,671)
Increase in taxable amount of interest receivable from fellow subsidiary undertaking	944,086	-
Effect of change in other timing differences	(31,094)	(23,499)
Adjustment to tax charge in respect of previous periods	119,358	44,805
Corporation tax charge	<u>1,336,054</u>	<u>177,681</u>



# Staffordshire Leasing Limited

## NOTES TO THE ACCOUNTS

	<u>2005</u> £	<u>2004</u> £
<b>7 Dividends</b>		
Non-equity dividends on preference shares:		
Paid	<u>8,500</u>	<u>8,500</u>
<b>8 Debtors</b>		
Amounts falling due after more than one year:		
Interest assigned by parent undertaking	-	4,083,347
Owed by parent undertaking	<u>832,271</u>	<u>1,550,660</u>
	<u>832,271</u>	<u>5,634,007</u>
Amounts falling due within one year:		
Interest assigned by parent undertaking	4,083,347	3,920,264
Owed by parent undertaking	13,985,851	9,823,046
Owed by fellow subsidiary undertaking	4,080,416	955,027
Other debtors	43,458	144,449
Prepayments	-	276,753
Deferred tax	<u>729,222</u>	<u>683,764</u>
Total debtors	<u>22,922,294</u>	<u>15,803,303</u>
Included in the above figures is £1,973,418 (2004 £2,709,063) representing finance leases receivable. The cost of leased assets, acquired for the purpose of letting under finance leases, was £ 12,208,566 (2003 £11,865,625).		
The interest assigned by the parent undertaking is in respect of a £100 million loan made by the parent undertaking to Jubilee Mortgages Limited and reflects the fair value of the right to future interest. The loan is repayable by Jubilee Mortgages Limited on 1 November 2006.		
Amounts owed by parent undertaking include a loan of £12,521,283 (2004 £7,573,232) which was repayable as follows:		
Accrued interest	18,613	8,780
Within one month	<u>12,502,670</u>	<u>7,564,452</u>
	<u>12,521,283</u>	<u>7,573,232</u>
Interest was receivable at LIBID.		
The movement on the deferred tax asset during the year was as follows:		
At 1 January	683,764	538,908
Profit and loss account	<u>45,458</u>	<u>144,856</u>
At 31 December	<u>729,222</u>	<u>683,764</u>
Deferred tax comprises:		
Accelerated capital allowances	<u>729,222</u>	<u>683,764</u>

# Staffordshire Leasing Limited

## NOTES TO THE ACCOUNTS

	<u>2005</u>	<u>2004</u>
	£	£
<b>9 Creditors: amounts falling due within one year</b>		
Owed to parent undertaking	1,235,075	435,271
Accruals and deferred income	209,290	212,044
Corporation tax	1,408,030	71,976
	<u>2,852,395</u>	<u>719,291</u>

## 10 Share capital

Authorised, allotted, called up and fully paid :

5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000
170,000 5% cumulative preference shares of £1 each	170,000	170,000
	<u>5,170,000</u>	<u>5,170,000</u>

## 11 Movement on reserves

At 1 January	2,251,406	1,402,579
Profit for the year	(135,463)	857,327
Dividends	(8,500)	(8,500)
At 31 December	<u>2,107,443</u>	<u>2,251,406</u>

## 12 Ultimate parent undertaking

The immediate parent undertaking and controlling party is Portman Building Society, registered in England and Wales. The Society is registered at Portman House, Richmond Hill, Bournemouth, BH2 6EP. The financial statements of Portman Building Society can be obtained from this address.

## 13 Related parties

The Company is exempt from disclosure of details of transactions with other Group undertakings under FRS8 as it is a wholly owned subsidiary of a UK parent undertaking.