# ING Lease (UK) Nine Limited

## Directors' report and financial statements

30 September 2005
Registered number 2646006

# Directors' report and financial statements

## Contents

# Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2005.

**Principal activities**

The company is engaged in leasing transactions. It undertakes both finance and operating leases over a variety of asset types.

**Business review**

The result for the year is shown in the attached profit and loss account. The directors recommend that no dividend be paid (*2004: £nil*). The profit for the year has been transferred to reserves.

No future developments are planned other than those consistent with current leasing transactions with income from lease agreements expected to continue for the term of the lease. On 1 October 2005 ING Lease Fleet Finance (September) Limited transferred its trade and assets into the company. The net book value of the assets transferred on that date was £12,686,143.

**Directors and directors' interests**

The directors who held office during the period were as follows:

| | |
|---|---|
| PG Derby | (resigned 10 November 2005) |
| TG Dramby | (resigned 6 September 2005) |
| R Harris | |
| W Lewis | (appointed 25 January 2005) |
| C Stamper | (appointed 6 September 2005) |
| F Yue | (resigned 31 March 2005) |

On 25 January 2005, F Yue was replaced as Company Secretary by W Lewis.
On 6 October 2005, O Francis was appointed as a director of the company.

According to the register of directors' interests, none of the directors had any disclosable interest in the shares or loan capital of the company or of any UK group company during the year.

According to the register of directors' interests, no rights to subscribe for shares in UK group companies were granted on to any of the directors or their immediate families.

**Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**W Lewis**
***Director***

**60 High Street**
**Redhill**
**Surrey**
**RH1 1NY**
**3 November 2006**

# 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 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, subject to any material departures disclosed and explained in the financial statements; and
- 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.

# Report of the independent auditors to the members of ING Lease (UK) Nine Limited

We have audited the financial statements on pages 4 to 13.

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 auditor's 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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, 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 30 September 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

**KPMG Audit Plc**
*Chartered Accountants*
*Registered Auditor*

3 November 2006
8 Salisbury Square
London
EC4Y 8BB

# Profit and loss account
# For the year ended 30 September 2005

| | *Note* | **2005** | **2004** |
|---|---|---|---|
| | | **£** | **£** |
| | | Continuing activities | |
| Gross earnings under finance leases | | 2,593,209 | 2,547,166 |
| Rentals receivable under operating leases | | 3,380,776 | 3,857,991 |
| **Turnover** | | 5,973,985 | 6,405,157 |
| Depreciation on operating leases | 2 | (2,933,970) | (3,204,248) |
| Interest payable and similar charges | 7 | (1,831,865) | (2,497,629) |
| Direct costs | | (91,927) | (77,932) |
| **Gross Profit** | | 1,116,223 | 625,348 |
| Other operating income | | 20,370 | 57,860 |
| **Profit on ordinary activities before taxation** | 2 - 5 | 1,136,593 | 683,208 |
| Tax charge on profit on ordinary activities | 6 | (429,390) | (239,488) |
| **Profit on ordinary activities after tax and retained for the financial year** | | 707,203 | 443,720 |
| Retained profit brought forward | | 2,827,328 | 2,383,608 |
| **Retained profit carried forward** | | 3,534,531 | 2,827,328 |

The notes on pages 7 to 13 form part of these financial statements.

# Balance sheet
# At 30 September 2005

| | *Note* | 2005 | | 2004 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Tangible fixed assets** | 8 | | 6,938,650 | | 10,509,737 |
| **Current assets** | | | | | |
| **Debtors** | | | | | |
| Amounts falling due within one year | 9 | 12,259,987 | | 10,331,080 | |
| Amounts falling due after more than one year | 9 | 33,034,827 | | 29,695,213 | |
| | | 45,294,814 | | 40,026,293 | |
| **Creditors:** amounts falling due within one year | 12 | (46,425,073) | | (45,217,942) | |
| **Net current liabilities** | | | (1,130,259) | | (5,191,649) |
| **Total assets less current liabilities** | | | 5,808,391 | | 5,318,088 |
| **Provisions for liabilities and charges** | 13 | | (2,273,858) | | (2,490,758) |
| **Net assets** | | | 3,534,533 | | 2,827,330 |
| **Capital and reserves** | | | | | |
| Called up share capital | 14 | | 2 | | 2 |
| Profit and loss account | | | 3,534,531 | | 2,827,328 |
| **Shareholders' funds – equity** | 15 | | 3,534,533 | | 2,827,330 |

The notes on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 3rd November 2006 and were signed on its behalf by:

**W Lewis**
***Director***

# Statement of total recognised gains and losses
# For the year ended 30 September 2005

| | 2005<br>£ | 2004<br>£ |
|---|---|---|
| **Profit for the financial year after tax** | 707,203 | 443,720 |
| **Total recognised gains relating to the financial year** | 707,203 | 443,720 |
| Prior year adjustment | - | 799,014 |
| **Total gains recognised since last annual report** | 707,203 | 1,242,734 |

The notes on pages 7 to 13 form part of these financial statements.

# Notes (forming part of the financial statements)

## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

***Basis of preparation***

The financial statements have been prepared under the historical cost accounting rules and in accordance with Schedule 4 to the Companies Act 1985 and applicable accounting standards.

These accounts have been prepared in compliance with the Statement of Recommended Accounting Practice issued by the Finance & Leasing Association.

***Operating leases and depreciation***

Amounts attributable to assets held for use in operating leases are disclosed separately within tangible fixed assets. Net income from operating leases after charging depreciation is credited to the profit and loss account to give a constant rate of return on the operating lease over the period of the lease.

Operating lease assets are depreciated over their useful economic lives such that, for each asset, rentals less depreciation is recognised at a constant periodic rate of return on the net cash invested in that asset.

***Finance lease receivables***

The difference between the gross minimum lease payments receivable and the fair value of the equipment represents finance income, which is recognised in the profit and loss account over the period of the lease, in order to give a constant rate of return on the investment in the lease.

The finance lease receivables are stated in the balance sheet at the total of the gross minimum lease payments receivable under such leases, less finance income allocated to future periods.

***Obligations under lease contracts***

The company's financing commitments are stated in the balance sheet at the total of the capital repayments outstanding, net of finance charges allocated to future periods.

Finance charges on these commitments are charged to profit and loss over the period of the commitments in proportion to the balance of capital repayments outstanding.

***Taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for accounting and taxation purposes, which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19. In circumstances where the company surrenders/receives losses to/from other group companies, payment will be made where appropriate.

***Gross earnings under finance agreements***

This comprises income on finance and hire purchase agreements, which is recognised in the profit and loss account over the period of the leases. It is stated exclusive of Value Added Tax. All income is generated in the United Kingdom.

# Notes (continued)

## 1. Accounting policies (continued)

***Residual values***

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market for that asset as well as general economic conditions.

Residual values are set at the commencement of the lease based upon management's expectation of future sale proceeds. During the course of the lease residual values are monitored so as to identify any impairment required. The monitoring takes account of the company's past history for residual values and projections of the likely future market for each group of assets.

Any permanent impairment in the residual value of an asset is immediately charged to the profit and loss account.

***Direct costs***

Direct costs incurred in arranging new leases are capitalised and amortised over the period of the lease.

***Bad debt provision***

The company makes provision for specific bad debts as they arise taking into account possible recoveries from the customer, commitments/guarantees received from its parent company and sale proceeds of the asset. The company carefully monitors the credit quality of its portfolio.

***Cash flow statement***

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated accounts.

## 2. Profit on ordinary activities before taxation

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| ***Profit on ordinary activities before taxation is stated after charging*** | | |
| Depreciation on operating leases | 2,933,970 | 3,204,248 |
| (Profit)/Loss on sale of operating lease assets | (1,461) | 21,700 |

## 3. Remuneration of directors

None of the directors received remuneration in respect of services to the company during the year *(2004: £nil)*.

## 4. Remuneration of auditors

There is no charge to audit fees for the year as the fees are paid by ING Lease (UK) Limited (2004:£nil).

## 5. Staff number and costs

The company employed no direct staff and incurred no staff costs during the year (2004:£nil).

# Notes (continued)

## 6. Taxation

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| The taxation charge is based on the profit for the year and comprises: | | |
| UK corporation tax at 30% *(2004:30%)* | | |
| - current year | 558,874 | 309,522 |
| - prior year | 87,416 | 92,644 |
| | 646,290 | 402,166 |
| Deferred tax charge / (credit) (see note 13) | | |
| - current year | (264,849) | (217,959) |
| - prior year | 47,949 | 55,281 |
| | (216,900) | (162,678) |
| Total taxation charge | 429,390 | 239,488 |

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| *Current tax reconciliation* | | |
| Profit on ordinary activities before tax | 1,136,593 | 683,208 |
| Current tax at 30% (2004 : 30%) | 340,978 | 204,962 |
| *Effects of* | | |
| Timing differences between capital allowances and depreciation | 328,295 | 69,568 |
| Differences between capital element of finance leases and capital allowances | (62,883) | 148,391 |
| Tax relief for lease premium paid | (113,399) | (113,399) |
| Disallowable interest expense | 65,883 | - |
| Adjustment in respect of prior years | 87,416 | 92,644 |
| Total current tax charge | 646,290 | 402,166 |

## 7. Interest payable and similar charges

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Interest payable to ING Lease (UK) Limited | 1,831,865 | 2,497,629 |

# Notes (continued)

## 8. Tangible fixed assets

| | Assets for use under operating leases |
|---|---|
| | £ |
| **Cost** | |
| At beginning of year | 22,080,615 |
| Additions | - |
| Disposals | (1,408,148) |
| At end of year | 20,672,467 |
| **Depreciation and diminution in value** | |
| At beginning of year | 11,570,878 |
| Charge for year | 2,933,970 |
| On disposals | (771,031) |
| At end of year | 13,733,817 |
| ***Net book value*** | |
| **At 30 September 2005** | 6,938,650 |
| At 30 September 2004 | 10,509,737 |

## 9. Debtors

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| **Amounts due within one year** | | |
| Finance lease receivables (see note 10) | 11,787,054 | 9,689,286 |
| Trade debtors | 311,619 | 392,718 |
| Other debtors | 161,314 | 249,076 |
| | 12,259,987 | 10,331,080 |
| **Amounts due after more than one year** | | |
| Finance lease receivables (see note 10) | 33,034,827 | 29,695,213 |
| | 45,294,814 | 40,026,293 |

# Notes (continued)

### 10. Finance lease receivables

| | 2005<br>£ | 2004<br>£ |
|---|---|---|
| Minimum lease receivables | 50,047,427 | 48,229,774 |
| Finance lease income allocated to future periods | (5,225,546) | (8,845,275) |
| Net finance lease receivables | 44,821,881 | 39,384,499 |
| Due within one year | 11,787,054 | 9,689,286 |
| Due after more than one year | 33,034,827 | 29,695,213 |
| | 44,821,881 | 39,384,499 |

The cost of assets acquired under finance lease was £16,315,067 (2004: £12,132,996).
Gross rentals receivable for the period in relation to finance leases were £16,435,224 (2004: £12,273,975)

During the year the directors reassessed the expected term of one of the property leases. This resulted in an acceleration of income recognition and an additional amount of £49,181 was released to income during the year.

### 11. Residual values

Unguaranteed residual values under operating leases can be analysed as follows:

| Year in which residual value will be recovered | 2005<br>£ | 2004<br>£ |
|---|---|---|
| Within 1 year | 500,170 | 1,599,855 |
| Between 1 - 2 years | 790,472 | 1,725,350 |
| Between 2 - 5 years | 56,980 | 354,055 |
| **Total exposure** | 1,347,622 | 3,679,260 |

Unguaranteed residual values under finance leases can be analysed as follows:

| Year in which residual value will be recovered | 2005<br>£ | 2004<br>£ |
|---|---|---|
| Within 1 year | 176,142 | 336,130 |
| Between 1 - 2 years | 243,720 | 178,092 |
| Between 2 - 5 years | 4,656,994 | 4,557,452 |
| After more than 5 years | 1,490,536 | - |
| **Total exposure** | 6,567,392 | 5,071,674 |

### 12. Creditors: amounts falling due within one year

| | 2005<br>£ | 2004<br>£ |
|---|---|---|
| Corporation tax payable | 550,312 | 309,522 |
| Other creditors | 2,309,996 | 2,915,275 |
| Amounts owed to parent undertaking, ING Lease (UK) Limited | 43,564,765 | 41,993,145 |
| | 46,425,073 | 45,217,942 |

# Notes (continued)

## 13. Provisions for liabilities and charges

| | 2005 Provided | 2004 Provided |
|---|---|---|
| *Deferred tax* | £ | £ |
| Difference between accumulated depreciation and capital allowances | 2,273,858 | 2,490,758 |

| | 2005 £ | 2004 £ |
|---|---|---|
| Deferred tax at the beginning of the year | 2,490,758 | 2,653,436 |
| Credit to profit and loss account (see note 6) | (216,900) | (162,678) |
| Deferred tax at the end of the year | 2,273,858 | 2,490,758 |

## 14. Called up share capital

| | 2005 £ | 2004 £ |
|---|---|---|
| ***Authorised*** | | |
| Ordinary shares of £1 each | 100 | 100 |
| ***Allotted, called up and fully paid*** | | |
| Ordinary shares of £1 each | 2 | 2 |

Shareholders' funds are only attributable to equity interests.

## 15. Reconciliation of movements in shareholders' funds

| | 2005 £ | 2004 £ |
|---|---|---|
| Opening shareholders' funds | 2,827,330 | 2,383,610 |
| Profit for the financial year | 707,203 | 443,720 |
| Closing shareholders' funds | 3,534,533 | 2,827,330 |

## 16. Related party transactions

The company is controlled by ING Lease (UK) Limited and the ultimate controlling company is ING Groep NV.

Under Financial Reporting Standard 8, companies, which are wholly owned subsidiaries of a parent whose consolidated financial statements in which the subsidiaries' results are included are publicly available, are granted exemption from disclosing inter-group transactions. The Company is such a subsidiary undertaking and accordingly has not disclosed such transactions.

# Notes (continued)

**17. Ultimate parent company**

The ultimate parent company of the company is ING Groep NV which is incorporated in the Netherlands.

The largest group in which the results of the company are consolidated is ING Groep NV which is incorporated in the Netherlands. The smallest group in which they are consolidated is ING Lease (UK) Limited registered in England and Wales.

The consolidated accounts of ING Groep NV are available to the public and may be obtained from Postbus 810, 1000 AV, Amsterdam, Netherlands. The consolidated accounts of ING Lease (UK) Limited are available to the public and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.