

**WEATHERBYS FINANCE LIMITED**

**Report and Financial Statements**

**31 December 2008**

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# **WEATHERBYS FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **WEATHERBYS FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R N Weatherby  
R J Briscoe  
A R Steedman  
A Turberville Smith  
B Ward (non-executive)

#### **SECRETARY**

A S McGlynn

#### **REGISTERED OFFICE**

Sanders Road  
Wellingborough  
Northamptonshire  
NN8 4BX

#### **BANKERS**

Weatherbys Bank  
Sanders Road  
Wellingborough  
Northamptonshire  
NN8 4BX

#### **SOLICITORS**

HBJ Gateley Wareing LLP  
Knightsbridge House  
Lower Brown Street  
Leicester  
LE1 5NL

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
Birmingham

# **WEATHERBYS FINANCE LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

## **PRINCIPAL ACTIVITIES**

The principal activity of the company is leasing and the provision of instalment credit finance.

## **BUSINESS REVIEW**

Business is being actively introduced by finance intermediaries who specialise in small ticket leasing. New business is being written financing a broad range of assets to a wide variety of businesses throughout the United Kingdom. The business maintains tight control over underwriting and collections, advancing £22m in 2008 (2007:£24m).

The profit for the financial year is £603,941 (2007 - £492,212). The directors paid an interim dividend of £417,000 during the year (2007 - £500,000) and do not recommend the payment of a final dividend.

The company is funded entirely by its parent company and the directors fully expect such funding to remain in place for the foreseeable future. The directors have carefully considered the going concern statement and are satisfied that it is appropriate to prepare the accounts on such a basis.

## **DIRECTORS**

The directors of the company throughout the year and subsequently were as follows:

R N Weatherby  
R J Briscoe  
A R Steedman  
A Turberville Smith  
B Ward (non executive)

## **INSURANCE OF OFFICERS**

During the period the company has maintained cover for directors and officers under directors' and officers' liability insurance policies, as permitted by Section 310 (3) of the Companies Act 1985. These policies were paid for by Weatherbys Bank Limited.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

For risks affecting the company see the risk management policies disclosed in note 18.

## **AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the person's who is a director at the approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the 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 confirmation is given in accordance with the provisions of S234ZA of the Companies Act 1985.

Approved by the Board of Directors  
and signed on behalf of the Board



R N Weatherby  
Director  
20 April 2009

# **WEATHERBYS FINANCE LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and 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 their irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEATHERBYS FINANCE LIMITED**

We have audited the financial statements of Weatherbys Finance Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you, if in our opinion, 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 other transactions 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 opinion**

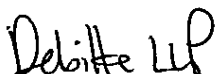
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
United Kingdom

20 April 2009

# WEATHERBYS FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

|   | Notes | 2008<br>£          | 2007<br>£          |
|---|-------|--------------------|--------------------|
| <b>TURNOVER</b>   | 2     | 8,330,955          | 6,113,772          |
| Cost of sales   |       | <u>(2,302,746)</u> | <u>(1,682,833)</u> |
| <b>GROSS PROFIT</b>   |       | 6,028,209          | 4,430,939          |
| Administrative expenses   |       | <u>(2,668,434)</u> | <u>(1,705,887)</u> |
| <b>OPERATING PROFIT</b>   | 3     | 3,359,775          | 2,725,052          |
| Interest payable  | 5     | <u>(2,417,861)</u> | <u>(1,994,443)</u> |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>  |       | 941,914            | 730,609            |
| Tax on profit on ordinary activities  | 6     | <u>(337,973)</u>   | <u>(238,397)</u>   |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>AFTER TAXATION BEING PROFIT<br/>FOR THE FINANCIAL YEAR</b> | 12    | <u>603,941</u>     | <u>492,212</u>     |

All activities are derived from continuing operations.

There are no recognised gains or losses in either year other than those shown above and consequently no statement of total recognised gains or losses is presented.

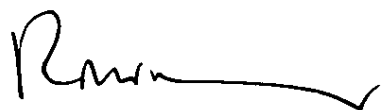
# WEATHERBYS FINANCE LIMITED

## BALANCE SHEET 31 December 2008

|  | Notes | 2008<br>£         | 2007<br>£         |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>  |       |                   |                   |
| <b>FIXED ASSETS</b>  |       |                   |                   |
| Tangible assets  | 7     | 529,669           | 480,504           |
| <b>CURRENT ASSETS</b>  |       |                   |                   |
| Debtors – amounts falling due within one year                  | 8     | 19,310,789        | 15,272,822        |
| Debtors – amounts falling due after more than one year         | 9     | 24,023,095        | 21,528,797        |
|  |       | 43,333,884        | 36,801,619        |
| <b>Total assets</b>  |       | <b>43,863,553</b> | <b>37,282,123</b> |
| <b>LIABILITIES</b>   |       |                   |                   |
| <b>CAPITAL AND RESERVES</b>                                    |       |                   |                   |
| Called up share capital  | 11    | 10,000            | 10,000            |
| Profit and loss account  | 12    | 1,152,323         | 965,382           |
| <b>SHAREHOLDER'S FUNDS</b>                                     | 10    | 1,162,323         | 975,382           |
| <b>CREDITORS: amounts falling due within one year</b>          | 13    | 39,882,761        | 33,906,582        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 14    | 2,818,469         | 2,328,329         |
| <b>Provisions for liabilities</b>                              | 15    | -                 | 71,830            |
| <b>Total liabilities</b>                                       |       | <b>43,863,553</b> | <b>37,282,123</b> |

These financial statements were approved and authorised for issue by the Board of Directors on 20 April 2009.

Signed on behalf of the Board of Directors



R N Weatherby  
Director



# **WEATHERBYS FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2008**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable UK company law and accounting standards under the historical cost convention. They have all been applied consistently throughout the year and the preceding year.

The company is funded entirely by its parent company and the directors fully expect such funding to remain in place for the foreseeable future. The directors have carefully considered the going concern statement and have continued to adopt the going concern assumption in preparing the financial statements.

#### **Tangible fixed assets**

Tangible fixed assets are depreciated by equal annual instalments commencing with the month of acquisition at rates estimated to write off their cost or valuation less any residual value over their expected useful lives and the term of the associated leases as follows:

|                  |           |
|------------------|-----------|
| Motor vehicles   | 2-3 years |
| Office equipment | 5 years   |

#### **Leasing and instalment credit agreements**

Hire purchase agreements which are of a financing nature, and assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. All other assets leased to customers are classified as operating lease assets.

The net investment in finance leases represents total minimum lease payments less gross earnings allocated to future periods. Income from finance leases is credited to the profit and loss account using the sum of digits method to give a constant periodic rate of return on the net cash investment.

Operating lease assets, which only arise from transactions with other members of the Weatherbys group (companies ultimately owned by the three Weatherby family trusts) are reported at cost less depreciation. In the profit and loss account, income in respect of operating lease assets is reported within turnover, and depreciation on operating lease assets is reported within cost of sales. Provision is made for any impairment in value, any such amount being included in cost of sales.

Rentals payable and receivable under operating leases are accounted for on the straight-line basis over the periods of the leases. Unguaranteed residual values in respect of operating lease assets are reviewed regularly and any impairment identified is charged to the profit and loss account.

Income from instalment credit transactions is calculated by the actuarial method.

#### **Recognition of lease deposits**

Deposits received at the inception of a new lease are included within trade creditors as deferred income and released over the period of the lease.

#### **Amortisation of brokers' commissions**

The cost of brokers' commission is charged to the profit and loss account over the term of the lease to which it relates using the sum of digits method.

#### **Provision for bad and doubtful debts**

Specific provisions are made against advances for which recovery is considered to be doubtful.

Advances are written off when there is no realistic prospect of recovery.

General provision is made in respect of losses which, although not separately identified, are known from experience to be present in any portfolio of leasing/hire purchase assets.

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 1. ACCOUNTING POLICIES (continued)

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 (paragraph 5) on the grounds that it is a wholly owned subsidiary of Weatherbys Bank Limited for which consolidated financial statements are publicly available.

### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax. The company's turnover is all attributable to one class of business, being the provision of leasing services. This business arose wholly within the UK.

### 3. OPERATING PROFIT

|  | 2008<br>£        | 2007<br>£        |
|--|------------------|------------------|
| <b>Amounts receivable in respect of leases and hire purchase contracts are as follows:</b>       |                  |                  |
| Rentals receivable in respect of operating leases  | <u>186,140</u>   | <u>193,120</u>   |
| Aggregate amounts receivable under finance leases and hire purchase contracts                    | <u>7,553,809</u> | <u>5,458,515</u> |
| <b>Operating profit is after charging/(crediting):</b>   |                  |                  |
| Depreciation – owned assets  | 131,109          | 128,418          |
| (Profit)/loss on disposal of fixed assets  | (10,601)         | 4,234            |
| <b>Auditors remuneration:</b>  |                  |                  |
| - Fees payable to the company's auditor in respect of the audit of the company's annual accounts | 21,750           | 20,625           |
| - Tax compliance services  | <u>8,680</u>     | <u>6,000</u>     |

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 4. EMPLOYEES

The average number of persons including directors employed by the company during the year (excluding those directors employed by Weatherbys Bank) was:

|  | 2008<br>Number | 2007<br>Number |
|--|----------------|----------------|
| Office and management                    | 13             | 11             |
|  | £              | £              |
| <b>Staff costs for the above persons</b> |                |                |
| Wages and salaries                       | 409,991        | 288,139        |
| Social security costs                    | 41,437         | 29,247         |
| Pension costs                            | 32,009         | 26,863         |
|  | 483,437        | 344,249        |

#### Pension costs

An amount of £32,009 was recognised as an expense for the defined contribution plans in 2008 (2007 - £26,863). Pension costs in part relate to contributions to the Weatherbys Pension and Assurance Scheme. Contributions are recharged on the basis of the current service period only. The company is unable to identify its shares of the underlying assets and liabilities of this pension scheme and has therefore accounted for its contributions to the pension scheme as if it was a defined contribution scheme. Details of the pension scheme appear in the accounts of Weatherbys Thoroughbred Limited.

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The company has also nominated a defined contribution stakeholder scheme to which the company does not contribute.

#### Emoluments of directors

Two directors are directly remunerated by the company with the other directors being remunerated by Weatherbys Bank Limited. No apportionment has been made of the remuneration received by directors from Weatherbys Bank Limited for their services to this company.

|                       | 2008<br>£ | 2007<br>£ |
|-----------------------|-----------|-----------|
| Directors' emoluments | 146,175   | 113,636   |

#### Transactions with directors

Stratford Corporate Finance is a partnership in which Brian Ward, a non-executive director of Weatherbys Finance Limited, is a partner. During the year the following transactions were made under normal trading terms:

The company paid Stratford Corporate Finance £16,175 (2007 - £8,976) for consultancy services, business planning and brokerage commission.

### 5. INTEREST PAYABLE

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| Group companies - interest on overdraft | 2,417,861 | 1,994,443 |

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### a) Analysis of tax charge on ordinary activities

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| <b>Current tax</b>                                      |           |           |
| United Kingdom corporation tax at 28.5%<br>(2007 - 30%) | 286,994   | (192)     |
| Adjustments in respect of previous years                | 298,978   | 222,610   |
| <b>Total current tax charge</b>                         | 585,972   | 222,418   |
| <b>Deferred tax</b>                                     |           |           |
| Origination and reversal of timing differences          | (11,483)  | (228,998) |
| Adjustment in respect of prior years                    | (236,717) | (231,817) |
| Change in tax rate                                      | 201       | -         |
| <b>Total deferred tax credit</b>                        | (247,999) | (460,815) |
| <b>Total tax on profit on ordinary activities</b>       | (337,973) | (238,397) |

#### b) Factors affecting tax charge for year

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before tax  | 941,914   | 730,609   |
| Profit on ordinary activities multiplied by standard rate of<br>corporation tax in the UK at 28.5% (2007 - 30%) | 268,445   | 219,183   |
| Entertaining expenses not deductible for tax purposes   | 7,092     | 15,237    |
| Capital allowances in excess of depreciation  | 10,799    | (273,032) |
| Movement in short term timing differences   | 684       | 38,903    |
| Other deferred tax movements  | (26)      | (99)      |
| Adjustment to tax charge in respect of previous years   | 298,978   | (222,610) |
| <b>Total current tax charge</b>   | 585,972   | 222,418   |

#### c) Deferred tax

##### Analysis of deferred tax balances

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| Depreciation in excess of capital allowances                  | 175,498   | (113,083) |
| Short term timing differences                                 | 671       | 41,253    |
|   | 176,169   | (71,830)  |
| Deferred (liability)/asset at 1 January                       | (71,830)  | 388,985   |
| Credited/(charged) to the profit and loss account             | 247,999   | (460,815) |
| <b>Deferred tax asset/(liability) at 31 December (note 9)</b> | 176,169   | (71,830)  |

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2008

### 7. FIXED ASSETS

|                       | Motor<br>vehicles<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-----------------------|------------------------|--------------------------|------------|
| <b>Cost</b>           |                        |                          |            |
| At 1 January 2008     | 717,916                | 9,445                    | 727,361    |
| Additions             | 298,795                | -                        | 298,795    |
| Disposals             | (283,632)              | -                        | (283,632)  |
| At 31 December 2008   | 733,079                | 9,445                    | 742,524    |
| <b>Depreciation</b>   |                        |                          |            |
| At 1 January 2008     | 239,200                | 7,657                    | 246,857    |
| Charge for the year   | 130,188                | 921                      | 131,109    |
| Disposals             | (165,111)              | -                        | (165,111)  |
| At 31 December 2008   | 204,277                | 8,578                    | 212,855    |
| <b>Net book value</b> |                        |                          |            |
| At 31 December 2008   | 528,802                | 867                      | 529,669    |
| At 31 December 2007   | 478,716                | 1,788                    | 480,504    |

#### Leased assets

Assets with a cost of £707,737 (2007 - £692,574) and related accumulated depreciation of £188,435 (2007 - £229,219) were held for use in operating leases.

#### Residual value exposure on leased assets

The residual value exposures in respect of leased assets, all of which are expected to be disposed of at the end of the lease term, are as follows:

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| <b>Residual values expected to be recovered in:</b> |           |           |
| 1 year or less                                      | 83,270    | 116,433   |
| 2 years or less but over 1 year                     | 65,450    | 81,020    |
| 5 years or less but over 2 years                    | 140,625   | 81,675    |
| Total exposure                                      | 289,345   | 279,128   |

### 8. DEBTORS

|   | 2008<br>£  | 2007<br>£  |
|---|------------|------------|
| <b>Amounts falling due within one year:</b>   |            |            |
| Trade debtors                                 | 41,983     | 69,669     |
| Net investment in finance leases              | 15,651,822 | 11,739,067 |
| Net investment in hire purchase agreements    | 1,039,493  | 1,002,061  |
| Loan agreements                               | 298,654    | 142,338    |
| Due from other companies under common control | -          | 6,228      |
| Prepayments and accrued income                | 2,278,837  | 1,945,524  |
| Corporation tax recoverable                   | -          | 367,935    |
|   | 19,310,789 | 15,272,822 |

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 9. DEBTORS

|  | 2008<br>£         | 2007<br>£         |
|--|-------------------|-------------------|
| <b>Amounts falling due after more than one year:</b> |                   |                   |
| Net investment in finance leases                     | 22,226,550        | 19,912,405        |
| Net investment in hire purchase agreements           | 1,224,947         | 1,295,984         |
| Loan agreements                                      | 395,429           | 320,408           |
| Deferred tax asset                                   | 176,169           | -                 |
|  | <u>24,023,095</u> | <u>21,528,797</u> |

The cost of assets acquired during the year for the purpose of letting under finance leases and hire purchase agreements was £23,443,999 (2007 - £25,477,632).

### 10. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

|   | 2008<br>£        | 2007<br>£      |
|---|------------------|----------------|
| Profit for the financial year                   | 603,941          | 492,212        |
| Dividends paid                                  | (417,000)        | (500,000)      |
|   | <u>186,941</u>   | <u>(7,788)</u> |
| Net (reduction)/addition to shareholder's funds |                  |                |
| Opening shareholder's funds                     | <u>975,382</u>   | <u>983,170</u> |
| Closing shareholder's funds                     | <u>1,162,323</u> | <u>975,382</u> |

### 11. CALLED UP SHARE CAPITAL

|  | 2008<br>£      | 2007<br>£      |
|--|----------------|----------------|
| <b>Authorised:</b>                         |                |                |
| 100,000 Ordinary shares of £1 each         | <u>100,000</u> | <u>100,000</u> |
| <b>Allotted, called up and fully paid:</b> |                |                |
| 10,000 Ordinary shares of £1 each          | <u>10,000</u>  | <u>10,000</u>  |

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 12. PROFIT AND LOSS ACCOUNT

|                               | 2008<br>£        | 2007<br>£      |
|-------------------------------|------------------|----------------|
| At 1 January                  | 965,382          | 973,170        |
| Profit for the financial year | 603,941          | 492,212        |
| Dividends paid                | (417,000)        | (500,000)      |
| At 31 December                | <u>1,152,323</u> | <u>965,382</u> |

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | 2008<br>£         | 2007<br>£         |
|---|-------------------|-------------------|
| Overdraft with parent company                 | 37,335,389        | 32,050,066        |
| Trade creditors                               | 1,390,747         | 1,245,729         |
| Amounts due to parent company                 | 385,598           | 259,183           |
| Amounts due to companies under common control | 6,855             | 3,948             |
| Corporation tax                               | 190,440           | -                 |
| Accruals and deferred income                  | 573,732           | 347,656           |
|   | <u>39,882,761</u> | <u>33,906,582</u> |

### 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                 | 2008<br>£        | 2007<br>£        |
|-----------------|------------------|------------------|
| Trade creditors | <u>2,818,469</u> | <u>2,328,329</u> |

### 15. PROVISIONS FOR LIABILITIES

|  | Deferred<br>taxation<br>£ |
|--|---------------------------|
| At 1 January 2008                      | 71,830                    |
| Charged to the profit and loss account | <u>(71,830)</u>           |
| At 31 December 2008                    | <u>-</u>                  |

### 16. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Weatherbys Bank Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is Weatherbys Bank Holdings Limited, a company registered in England and Wales. The ultimate controlling parties are the three Weatherby Family Trusts.

The smallest group which the financial statements of the company are consolidated in are the accounts of Weatherbys Bank Limited and ultimately into the accounts of Weatherbys Bank Holdings Limited, which is the largest group for which the group accounts are drawn up. Copies of these accounts can be obtained from Sanders Road, Wellingborough, Northamptonshire, NN8 4BX.

# WEATHERBYS FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

### 17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from reporting transactions with other group companies conferred by Financial Reporting Standard No. 8 on the grounds that it is a wholly-owned subsidiary of Weatherbys Bank Limited undertaking which publishes consolidated accounts.

Related party transactions with companies outside of the group were as follows:

|                                      | Income |       | Expenditure |       | Amounts owed by related parties |       | Amount owed to related parties |       |
|--------------------------------------|--------|-------|-------------|-------|---------------------------------|-------|--------------------------------|-------|
|                                      | 2008   | 2007  | 2008        | 2007  | 2008                            | 2007  | 2008                           | 2007  |
|                                      | £'000  | £'000 | £'000       | £'000 | £'000                           | £'000 | £'000                          | £'000 |
| Other companies under common control | 137    | 142   | 380         | 354   | 2                               | 75    | 7                              | 11    |

Weatherbys Ventures Limited ("WVL"), Weatherbys Thoroughbred Limited ("WTL"), and Weatherbys Solutions Limited ("WSL") are companies under common control with Weatherbys Finance Limited ("WFL"). During the year the following transactions were made under normal trading terms:

WFL received £37,113 (2007 - £38,378) from WVL, £71,635 (2007 - £69,928) from WTL and £28,548 from WSL (2007 - £34,050) in rental income for assets provided under operating leases.

WFL paid WVL £9,161 (2007 - £12,762), WTL £332,793 (2007 - £312,421) and WSL £37,940 (2007 - £29,166) in respect of services provided.

At 31 December 2008 WFL owed WVL £1,021 (2007 - £306), WTL £1,953 (2007 - £6,677) and WSL £3,880 (2007 - £3,643) in respect of these transactions. WTL owed WFL £0 (2007 - £12,905) for these transactions and £1,506 (2007 - £22,836) in finance leases. WVL owed WFL £0 in respect of finance leases (2007 - £38,958).

### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board is responsible for determining the long-term strategy of the business and the level of risk acceptable to the company in each area of its business. The Board is responsible for the assessment and control of the high level risks assumed by the company and for ensuring that the requisite culture, practices and systems are in place to meet both internal and external obligations.

The main financial risks arising from the company's activities are summarised below.

#### Credit risk

Credit risk arises from extending credit in all forms in the company's activities where there is a possibility that a counterparty may default. The company has dedicated standards, policies and procedures to control and monitor all such risks.

All finance applications are assessed with reference to the company's lending policy. The approval of all finance applications is controlled by set limits of authority. Transactions above such limits and any changes to policy and procedures require Board approval.

#### Liquidity risk

The directors manage liquidity risk on an expected maturity basis, therefore they expect the inter group lending to remain matched to the maturities on the asset portfolio of the finance lease receivables.

#### Operational risk

Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in the company's operational systems. Examples include inadequate or failed internal controls and procedures, human error, deliberate or malicious acts including fraud, and business interruptions.

The primary responsibility for identifying and managing operational risk rests with the Board. Internal control techniques to reduce their likelihood or impact include segregation of duties, exception and exposure reporting, business continuity planning, reconciliation and delegation of authority and are based on the submission of timely and reliable management reporting. Where appropriate, risk is mitigated by way of insurance with third parties.