

# HVB Finance London Limited

## Directors' report and financial statements

31<sup>st</sup> December 2004

Registered number 03733494



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31<sup>st</sup> December 2004.

### **Principal activities and business review**

The principal activity of the company is to grant loans to companies incorporated in Greece and to arrange the syndication of these loans.

In accordance with existing service agreements, the company pays management fees to its parent company, Bayerische Hypo und- Vereinsbank AG in consideration for financial consultancy and advisory, loans administration, accounting and financial services received. This management fee also incorporates the company's use of the parent company's premises and fixed assets.

At 31<sup>st</sup> December 2004 the company had 9 loan relationships (2003: 12) and loan assets of EUR 44 million (2003: EUR 85 million). The results for the year ended 31<sup>st</sup> December 2004 are given in the profit and loss account on page 5 of the financial statements.

### **Dividends**

A dividend of EUR 500,000 was paid for the current year (2003: nil).

### **Directors and directors' interests**

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

R A Shelmerdine (company secretary)

K Bright

J Laviolette

M Self

No director had any beneficial interest in the shares of the company or any other UK company and none of the directors had any interest in any material contract during the year relating to the business of the group.

## **Directors' report (*continued*)**

### **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 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;
- 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.

### **Auditors**

A resolution to re-appoint KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**R A Shelmerdine**  
*Company Secretary*

**1<sup>st</sup> November 2005**



KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

## **Report of the independent auditors to the members of HVB Finance London Limited**

We have audited the financial statements on pages 5 to 11.

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 31 December 2004 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*

*2nd November* 2005

**Profit and loss account**  
*for the year ended 31<sup>st</sup> December 2004*

	<i>Note</i>	<b>2004</b>	2003
		<b>€000</b>	€000
Interest receivable	3	1,459	2,474
Interest payable	4	(893)	(1,569)
<b>Net Interest Receivable</b>		<b>566</b>	905
Other Operating Income		64	16
<b>Operating Income</b>		<b>630</b>	921
Administrative expenses		(324)	(485)
		<b>306</b>	436
<b>Foreign exchange loss</b>		<b>(27)</b>	(67)
<b>Profit on ordinary activities before taxation</b>	2	<b>279</b>	369
Tax on profit on ordinary activities	5	(117)	(108)
<b>Profit on ordinary activities after taxation</b>		<b>162</b>	261
Dividends	6	(500)	(0)
<b>Retained (loss) / profit for the year</b>		<b>(338)</b>	261
<b>Retained profit brought forward</b>		<b>456</b>	195
<b>Retained profit carried forward</b>		<b>118</b>	456

There are no recognised gains or losses for the financial period other than stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

There is no difference between the profit and loss account on an historical cost basis and that shown above.

The notes on pages 7 to 11 form part of these financial statements.

**Balance sheet**  
 for the year ended 31 December 2004

	<i>Note</i>	<b>2004</b>	2003
		<b>€000</b>	€000
<b>Debtors : amounts falling due after more than one year</b>	7	<b>28,827</b>	48,162
<b>Debtors : amounts falling due within one year</b>	8	<b>15,574</b>	36,772
		<hr/>	<hr/>
		<b>44,401</b>	84,934
		<hr/>	<hr/>
<b>Cash</b>			
Cash at bank and in hand		<b>295</b>	596
<b>Creditors : amounts falling due within one year</b>	9	<b>(15,725)</b>	(36,887)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>144</b>	481
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>28,971</b>	48,643
<b>Creditors : amounts falling due after more than one year</b>	10	<b>(28,828)</b>	(48,162)
		<hr/>	<hr/>
<b>Net Assets</b>		<b>143</b>	481
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	11	<b>25</b>	25
		<b>118</b>	456
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	<b>143</b>	481
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 1 November 2005 and were signed on its behalf by:

  
 J Laviolette  
 Director

## **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 in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis.

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 financial statements. The company's share capital is denominated in Euro, as it is the currency of the primary economic environment in which it operates and generates cash flows. Accordingly, the financial statements are prepared and presented in Euro.

#### ***Income and expenses***

Interest receivable and payable are accounted for on an accrual basis over the term of the transactions. Other income such as loan fees are accounted for on a cash basis to the extent that they relate to costs incurred in the year.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Related parties***

As the company is a wholly owned subsidiary of Bayerische Hypo-und Vereinsbank AG, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Bayerische Hypo-und Vereinsbank AG, within which this company is included, can be obtained from Am Tucherpark 16, 80538 Munchen, Germany.

#### ***Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

#### ***Loans and Advances***

Loans and advances are stated at cost less any impairment.

#### ***Participations***

Loans and advances may be transferred to another entity by novation, assignment or participation. These arrangements are designed to have the effect that substantially all the risks and rewards inherent in the original agreements have been transferred to the buyer. In these circumstances the loan is treated as if it had been sold and is not shown on the balance sheet. Sale proceeds in excess of the book value of the loan and administration fees are taken to the profit and loss account.

Notes (continued)

**2 Profit on ordinary activities before taxation**

	2004	2003
	€000	€000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Audit Fee	13	11
	<u>13</u>	<u>11</u>

No directors' emoluments or staff costs were paid in respect of the current or preceding financial year. There were no employees of the company during the current or preceding financial year.

**3 Interest receivable**

	2004	2003
	€000	€000
Interest receivable from Customer Loans	1,459	2,474
	<u>1,459</u>	<u>2,474</u>

**4 Interest payable**

	2004	2003
	€000	€000
Interest payable to Group undertakings	(893)	(1,569)
	<u>(893)</u>	<u>(1,569)</u>

**5 Taxation**

	2004	2003
	€000	€000
<i>UK Corporation Tax</i>		
Current tax on income for the year	84	111
Adjustment in respect of prior years	33	(3)
	<u>117</u>	<u>108</u>

*Factors affecting the tax charge for the current year*

The directors are not aware of any factors that may affect the future tax charge

The current tax charge for the year is higher (2003 : lower) than the standard rate of corporation tax in the UK (30%, 2003 : 30%). The differences are explained below

Notes (continued)

	2004	2003
	€000	€000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	279	369
UK corporation tax at 30% (2003 : 30%)	84	111
<i>Effects of:</i>		
Adjustment in respect of prior years	33	(3)
Total current tax charge	117	108

**6 Dividends**

A dividend of €500,000 was paid for the current year (2003 : nil)

**7 Debtors : amounts falling due after more than one year**

	2004	2003
	€000	€000
Loans to Customers due after one year	28,827	48,162

**8 Debtors : amounts falling due within one year**

	2004	2003
	€000	€000
Loans to Customers due within one year	15,518	36,416
Other Debtors	0	29
Accrued Income	56	327
	15,574	36,772

Notes (continued)

**9 Creditors: amounts falling due within one year**

	2004	2003
	€000	€000
Amounts owed to group undertakings	15,558	36,634
Taxation	30	51
Other creditors	137	202
	15,725	36,887

**10 Creditors: amounts falling due after one year**

	2004	2003
	€000	€000
Amounts owed to group undertakings	28,828	48,162

Included within amounts owed to parent undertakings are loans which are renewed on a quarterly or half-yearly basis. However as the nature of the loans are to fund long term advances and are not expected to be repaid within one year, the amounts are shown as due after more than one year.

**11 Called up share capital**

	2004	2003
	€000	€000
<i>Authorised</i>		
Equity : 25 Ordinary shares of €1,000 each	25	25
<i>Allotted, called up and fully paid</i>		
Equity : 25 Ordinary shares of €1,000 each	25	25

**12 Reconciliation of movements in shareholders' funds**

	2004	2003
	€000	€000
Equity shareholders' funds brought forward	481	220
Retained (loss) / profit for the year	(338)	261
Equity shareholders' funds carried forward	143	481

**Notes** *(continued)*

**13 Parent company undertaking**

The company's ultimate parent company and controlling entity is Bayerische Hypo und-Vereinsbank AG, a company incorporated in Germany. Copies of the group financial statements of Bayerische Hypo und-Vereinsbank AG are available to the public and may be obtained from Am Tucherpark 16, 80538 Munchen, Germany