

Horndrift Limited

Report and Financial Statements

30 November 2002



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Horndrift Limited

Registered No: 3871243

Directors

G P C Mackay
J E Daniel

Secretary

Clifford Chance Secretaries Limited

Bankers

Barclays Bank Plc
Broadgate
London
EC2H 3XA

Registered office

10 Upper Bank Street
London
E14 5JJ

 ERNST & YOUNG

Directors' report

The directors present their report and unaudited financial statements for the year ended 30 November 2002.

Principal activities

The company's principal activity during the year was to hold residual interests in securitisations.

Directors and their interests

The directors at 30 November 2002 and their interests in the share capital of the company were as follows:

	<i>At 30 November 2002 and 30 November 2001</i>		
	<i>'A' ordinary shares</i>	<i>'B' ordinary shares</i>	<i>Cumulative redeemable preference shares</i>
G P C Mackay	1	—	100
J E Daniel	—	—	100

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

On behalf of the board

Director



09 DEC 2003

Profit and loss account for the year ended 30 November 2002

	Notes	2002 £	2001 £
Other operating charges		730,418	731,281
Operating loss	2	(730,418)	(731,281)
Profit on disposal of tangible fixed assets	4	–	1,504,821
		(730,418)	773,540
Interest receivable and similar income		1,486	5,093
Interest payable		(11,500)	–
		(10,014)	5,093
(Loss)/profit on ordinary activities before taxation		(740,432)	778,633
Tax on (loss)/profit on ordinary activities	3	–	233,590
(Loss)/profit retained for the financial year		(740,432)	545,043

Balance sheet

at 30 November 2002

	Notes	2002 £	2001 £
Fixed asset investments	4	—	—
Current assets			
Debtors	5	—	727,536
Cash at bank and in hand		55,063	56,186
		55,063	783,722
Creditors: amounts falling due within one year	6	250,152	238,379
Net current (liabilities)/assets		(195,089)	545,343
Capital and reserves			
Called up share capital	8	300	300
Profit and loss account	9	(195,389)	545,043
Shareholders' funds:			
Equity		(195,388)	545,044
Non-equity		299	299
		(195,089)	545,343


The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Director



09 DEC 2003

Notes to the financial statements

at 30 November 2002

1. Accounting policies

Fundamental Accounting Policy

The financial statements have been drawn up on a going concern basis as a director of the company has undertaken to provide ongoing financial support for the foreseeable future. On this basis, the directors consider the company to have sufficient funds to meet its liabilities as they fall due.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Operating loss

The is stated after charging:

	2002 £	2001 £
Exceptional item: loan written off (note 7)	727,536	—

3. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2002 £	2001 £
<i>Current tax:</i>		
UK corporation tax	—	233,590
Total current tax	—	233,590

4. Fixed asset investments

The company holds fixed asset investments which are carried at cost of £nil and are residual interests in the net assets of another company. That company holds properties that are leased on long term leases. The company issued bonds to finance the purchase of the properties and on maturity of the leases the properties will be sold and the proceeds used to redeem any outstanding amounts on the bonds. Any surplus amount will be distributed between the parties holding the residual interest assets.

During the prior year the company sold 37½% of its residual interests for £1,504,821.

Notes to the financial statements

at 30 November 2002

5. Debtors

	2002 £	2001 £
Other debtors (note 7)	—	727,536

6. Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	2,497	176
Taxation	233,590	233,590
Accruals and deferred income	14,065	4,613
	<u>250,152</u>	<u>238,379</u>

7. Related party transactions

An interest free loan of £727,536 made in the prior year to G P C Mackay, a director and shareholder of the company, was waived in full on 8 April 2002.

The company was under the control of G P C Mackay throughout the current and previous year.

8. Share capital

	2002 £	Authorised 2001 £
'A' ordinary shares shares of £1 each	1	1
'B' ordinary shares shares of £1 each	99	99
1% cumulative preference shares shares of £1 each	200	200
	<u>300</u>	<u>300</u>

	Allotted, called up and fully paid			
	No.	2002 £	No.	2001 £
'A' ordinary shares shares of £1 each	1	1	1	1
'B' ordinary shares shares of £1 each	99	99	99	99
1% cumulative preference shares shares of £1 each	200	200	200	200
		<u>300</u>		<u>300</u>

The 'A' ordinary shares carry full voting rights. No dividend can be declared on the 'A' ordinary shares unless a dividend of up to 1% of the aggregate amount to be declared is, at the same time, declared on the 'B' ordinary shares.

Notes to the financial statements

at 30 November 2002

8. Share capital (continued)

The 'B' ordinary shares carry no voting rights. No dividend can be declared on the 'B' ordinary shares unless a dividend is also declared on the 'A' ordinary shares. On a winding up of the company 'B' ordinary shareholders have a right to receive the nominal amount paid on each of their shares in preference to any payments to the 'A' ordinary shareholders. The 'B' ordinary shareholders have no further right to participate in the assets of the company available for distribution.

The preference shares are redeemable at par at any time after the provision of not less than 14 days written notice to the holders of such shares. Where the company distributes profit in respect of a financial year they carry a cumulative dividend of 1% per annum in priority to other shareholders.

The preference shares carry no voting rights. On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend.

9. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>
At 1 December 2001	300	545,043	545,343
Loss for the year	—	(740,432)	(740,432)
At 30 November 2002	<u>300</u>	<u>(195,389)</u>	<u>(195,089)</u>