

**OCEAN LEASING (No 2) LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

**COMPANY NUMBER: 4442266**

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# **OCEAN LEASING (No 2) LIMITED**

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**OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

**DIRECTORS AND COMPANY INFORMATION**

**DIRECTORS**

S J Peters  
L J Town (Resigned on 5<sup>th</sup> November 2007)  
J M Morrissey (Resigned on 5<sup>th</sup> November 2007)  
J Aitken (Appointed on 5<sup>th</sup> November 2007)  
C Richards (Appointed on 5<sup>th</sup> November 2007)  
K R Glasscoe (Appointed on 5<sup>th</sup> November 2007)  
Y E Sharp (Appointed on 5<sup>th</sup> November 2007)  
D L Shindler (Appointed on 5<sup>th</sup> November 2007)

**SECRETARY**

P Gittins

**REGISTERED OFFICE**

Level 7  
Bishopsgate Exchange  
155 Bishopsgate  
London  
EC2M 3YB

**AUDITORS**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

## **OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 30th September 2007

#### **PRINCIPAL ACTIVITY**

Throughout the year the company was engaged in the business of leasing assets to third parties

#### **BUSINESS REVIEW**

During the year the company continued to manage the leasing transactions underwritten

#### **RESULTS AND DIVIDEND**

The results for the year are shown in the Income Statement on page 5 The directors do not recommend the payment of a dividend (2006 – Nil)

#### **FUTURE DEVELOPMENTS**

The company remains committed to the business of leasing assets to third parties

#### **FINANCIAL INSTRUMENTS**

The company's policy relating to the management of financial risk and potential exposures are detailed in note 16

#### **GOING CONCERN**

The Directors are satisfied that the company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts

The Company has received a letter of comfort from Bank of Scotland plc that confirms that it will provide sufficient funds or other financial support and adequate resources to enable the Company to continue in business for the next year

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and establish that the company's auditors are aware of that information

**OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

**REPORT OF THE DIRECTORS (CONT'D)**

**AUDITOR**

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditor, KPMG Audit Plc, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which the copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

**DIRECTORS**

The directors who served during the year were as follows

S J Peters

L J Town (Resigned on 5<sup>th</sup> November 2007)

J M Morrissey (Resigned on 5<sup>th</sup> November 2007)

J Aitken (Appointed on 5<sup>th</sup> November 2007)


C Richards (Appointed on 5<sup>th</sup> November 2007)

K R Glasscoe (Appointed on 5<sup>th</sup> November 2007)

Y E Sharp (Appointed on 5<sup>th</sup> November 2007)

D L Shindler (Appointed on 5<sup>th</sup> November 2007)

By Order of the Board



P Gittins

**Secretary**

Level 7

Bishopsgate Exchange

155 Bishopsgate

London

EC2M 3YB

**OCEAN LEASING (No 2) LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**

**INCOME STATEMENT**

	Notes	2007	2006
		US\$'000	US\$'000
Finance lease income		4,784	4,491
Interest income		8	7
Interest expense and similar charges	2	(5,200)	(4,851)
<b>Net expense</b>		<u>(408)</u>	<u>(353)</u>
<b>Loss on ordinary activities before taxation</b>		<u>(408)</u>	<u>(353)</u>
Income tax credit	6	1,768	106
<b>Profit/(Loss) after tax for the financial year – all attributable to equity shareholders</b>	13	<u>1,360</u>	<u>(247)</u>

The notes on pages 8 to 16 form part of the financial statements

There are no recognised gains or losses other than those shown in the income statement

# OCEAN LEASING (No 2) LIMITED

AS AT 30 SEPTEMBER 2007

## BALANCE SHEET

	Notes	2007 US\$'000	2006 US\$'000
<b>Assets</b>			
Finance lease receivables	7	115,357	115,968
<b>Total non-current assets</b>		<u>115,357</u>	<u>115,968</u>
Finance lease receivables	7	363	379
Cash and cash equivalents	11	3	3,819
Other current assets	8	3,073	-
<b>Total current assets</b>		<u>3,439</u>	<u>4,198</u>
<b>Total assets</b>		<u>118,796</u>	<u>120,166</u>
<b>Equity</b>			
Issued capital	13	-	-
Retained earnings	13	(291)	(1,651)
<b>Total equity</b>		<u>(291)</u>	<u>(1,651)</u>
<b>Liabilities</b>			
Deferred tax liabilities	9	23,040	21,317
<b>Total non current liabilities</b>		<u>23,040</u>	<u>21,317</u>
Amounts due to group undertakings	11	95,748	99,783
Other liabilities	12	299	717
<b>Total current liabilities</b>		<u>96,047</u>	<u>100,500</u>
<b>Total liabilities</b>		<u>119,087</u>	<u>121,817</u>
<b>Total equity and liabilities</b>		<u>118,796</u>	<u>120,166</u>

The notes on pages 8 to 16 form part of the financial statements

Approved by the Board of Directors on 10<sup>th</sup> July 2008 and signed on its behalf by



**Y.E. Sharp**  
**Director**

**OCEAN LEASING (No 2) LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**  
**STATEMENT OF CASH FLOWS**

	Note	2007 US\$'000	2006 US\$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(408)	(353)
Adjustments for			
Movement in receivables		627	359
Movement in payables		-	(126)
Cash generated from operations		<u>219</u>	<u>(120)</u>
Income taxes received		-	5,124
<b>Net cash from operating activities</b>		<u>219</u>	<u>5,004</u>
<b>Net increase in cash and cash equivalents</b>		219	5,004
<b>Cash and cash equivalents at 1 October</b>		<u>(95,964)</u>	<u>(100,968)</u>
<b>Cash and cash equivalents at 30 September</b>	<b>11</b>	<u>(95,745)</u>	<u>(95,964)</u>



**OCEAN LEASING (No 2) LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**  
**NOTES TO THE ACCOUNTS**

**1. Accounting Policies**

**General information**

Ocean Leasing (No 2) Limited is a company domiciled in England

The financial statements were authorised for issue by the directors on 10<sup>th</sup> July 2008

**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union ("EU")

The accounting policies set out below have been applied in respect of the financial year ended 30 September 2007

IFRS 7 'Financial instruments Disclosure' applicable for years commencing on or after 1 January 2007 has not been applied. The application of IFRS 7 in the current year would not have affected the balance sheet or income statement as the standard is only concerned with disclosure

**Basis of preparation**

The financial statements are presented in US dollar, rounded to the nearest thousand. They are prepared on the historical cost basis.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

### **NOTES TO THE ACCOUNTS (continued)**

#### **1. Accounting Policies (continued)**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

##### **Finance leases**

Assets leased to customers which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases. They are recorded at an amount equal to the net investment in the lease, less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable and unguaranteed residual value (gross investment in lease) discounted at the interest rate implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance lease income.

Income from finance leases is credited to the profit and loss account using the net investment method (before tax) to give a constant periodic rate of return. Initial direct costs incurred in arranging the lease are included in the initial measurement of the finance debtor and reduce income over the lease term.

##### **Impairment provisions**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment is assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant.

Individual impairment is identified at a counterparty specific level following objective evidence that a financial asset is impaired. This may be after a principal payment is missed.

The recoverable amount of finance lease receivables carried at amortised cost is calculated as the present value of future cash flows, discounted at the original effective interest rate in the lease.

If impaired the carrying value is adjusted and the difference charged to the income statement.

The reversal of an impairment loss for an asset is recognised immediately in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

### **NOTES TO THE ACCOUNTS (continued)**

#### **1. Accounting Policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and treasury funding balances held with group undertakings. These are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### **Income tax**

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates at the balance sheet date.

# OCEAN LEASING (No 2) LIMITED

**YEAR ENDED 30 SEPTEMBER 2007**

## NOTES TO THE ACCOUNTS (continued)

### 2 Interest expense and similar charges

	2007 US\$'000	2006 US\$'000
Interest payable to group undertakings	5,200	4,851

### 3. Contingent rents

Finance lease income includes contingent rents as follows

	2007 US\$'000	2006 US\$'000
Finance leases	362	271

During the year the company made a rental charge to the lessee due to interest rates being more than assumed in the fixing of the rental profile. However the profitability of the company is not affected as there is a compensating adjustment to interest payable.

### 4. Staff numbers and costs

The company has no employees.

Auditor's remuneration is borne by Bank of Scotland Structured Asset Finance Limited.

### 5. Directors' emoluments

None of the Directors received any emoluments for their services as Directors of the company.

### 6. Income tax credit

	2007 US\$'000	2006 US\$'000
<b>Current tax</b>		
Current tax credit for the period at a rate of 30% (2006 30%)	3,491	4,704
	<u>3,491</u>	<u>4,704</u>
<b>Deferred tax (note 9)</b>		
Deferred tax charge for the period at a rate of 30% (2006 30%)	(3,369)	(4,598)
Deferred tax change in rate	1,646	-
	<u>(1,723)</u>	<u>(4,598)</u>
<b>Total income tax credit in income statement</b>	<u>1,768</u>	<u>106</u>

**OCEAN LEASING (No 2) LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**  
**NOTES TO THE ACCOUNTS (continued)**

**Reconciliation of effective tax rate**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%  
The differences are explained below

	2007 £'000	2006 £'000
Loss on ordinary activities before taxation	(408)	(353)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	122	106
Changes in rates of corporation tax on deferred tax assets and liabilities	1,646	-
Total income tax credit in income statement	1,768	106

**7. Finance lease receivables**

	2007 US\$'000	2006 US\$'000
Gross investment in finance leases, receivable		
No later than one year	5,025	5,121
Later than 1 year and no later than 5 years	18,802	19,160
Later than 5 years	164,960	171,517
	188,787	195,798
Unearned future finance income on finance leases	(73,067)	(79,451)
Net investment in finance leases	115,720	116,347

The net investment in finance leases may be analysed as follows

	2007 US\$'000	2006 US\$'000
No later than one year	363	379
Later than 1 year and no later than 5 years	209	252
Later than 5 years	115,148	115,716
Net investment in finance leases	115,720	116,347

The unguaranteed residual value is US\$Nil (2006 US\$Nil)

The cost of assets acquired during the year for the purpose of finance leasing was US\$ Nil (2006 US\$Nil)

**OCEAN LEASING (No 2) LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**  
**NOTES TO THE ACCOUNTS (continued)**

**8. Other current assets**

	<b>2007</b> <b>US\$'000</b>	<b>2006</b> <b>US\$'000</b>
Group relief	<u>3,073</u>	<u>-</u>

**9. Deferred tax liabilities**

	<b>2007</b> <b>US\$'000</b>	<b>2006</b> <b>US\$'000</b>
Deferred tax liabilities	<u>(23,040)</u>	<u>(21,317)</u>
Net position	<u>(23,040)</u>	<u>(21,317)</u>

The movement for the year in the company's net deferred tax position was as follows

	<b>2007</b> <b>US\$'000</b>	<b>2006</b> <b>US\$'000</b>
At 1 October 2007/2006	(21,317)	(16,719)
Charge to income for the year (note 6)	(3,369)	(4,598)
Change in future rates of corporation tax	1,646	-
Balance carried forward as at 30 September	<u>(23,040)</u>	<u>(21,317)</u>
<b>Deferred tax liabilities</b>	<b>Capital allowances on assets leased to customers</b>	<b>Total</b>
	<b>2007</b> <b>US\$'000</b>	<b>2006</b> <b>US\$'000</b>
At 1 October 2007/2006	(21,317)	(16,719)
Charge to income for the year (note 6)	(3,369)	(4,598)
Change in future rates of corporation tax	1,646	-
Balance carried forward as at 30 September	<u>(23,040)</u>	<u>(21,317)</u>

As a result of the Finance Act 2007, the main UK corporation tax rate will reduce from 30% to 28% in April 2008. Deferred tax balances that are not expected to have been realised by April 2008 have been restated at the rate of 28%.

# OCEAN LEASING (No 2) LIMITED

**YEAR ENDED 30 SEPTEMBER 2007**

## NOTES TO THE ACCOUNTS (continued)

### 10. Significant leasing arrangements

#### Finance Leases

The company leases three shipping vessels under finance leases for a duration of over 25 years

### 11. Cash and cash equivalents

	2007 US\$'000	2006 US\$'000
Amounts due from group undertakings	3	3,819
	<u>3</u>	<u>3,819</u>
Amounts due to group undertakings	(95,748)	(99,783)
Cash and cash equivalents in the statement of cash flows	<u>(95,745)</u>	<u>(95,964)</u>

### 12. Other current liabilities

	2007 US\$'000	2006 US\$'000
Group relief	-	418
Rental debtors	-	-
Drawdown creditors	299	299
	<u>299</u>	<u>717</u>

### 13. Capital and reserves

#### Reconciliation of movement in capital and reserves

	Share Capital US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 October 2005	-	(1,404)	(1,404)
Profit for the year	-	(247)	(247)
Balance at 30 September 2006	<u>-</u>	<u>(1,651)</u>	<u>(1,651)</u>
Balance at 1 October 2006	-	(1,651)	(1,651)
Profit for the year	-	1,360	1,360
Balance at 30 September 2007	<u>-</u>	<u>(291)</u>	<u>(291)</u>

#### Share capital

	2007	2006
<b>Authorised</b>		
250,000 ordinary shares of \$1 each	\$250,000	\$250,000
1000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	<u>£1</u>	<u>£1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

## OCEAN LEASING (No 2) LIMITED

YEAR ENDED 30 SEPTEMBER 2007

### NOTES TO THE ACCOUNTS (continued)

#### 14. Related parties

Key management personnel and members of their close families have not undertaken any transactions with Ocean Leasing (No 2) Limited in the normal course of business

The balances due to and from the related parties are shown within the notes to the accounts

Amounts due (to)/from group undertakings	2007 US\$'000	2006 US\$'000
Bank of Scotland Plc	(95,748)	(99,783)
HBOS Treasury services plc	1	3,819
The Governor and the Company of the Bank of Scotland	2	-
HBOS Group – Group relief	3,073	(418)
	<u>(92,672)</u>	<u>(96,382)</u>
<b>During the year the following transactions took place between group companies</b>	<b>US\$'000</b>	<b>US\$'000</b>
Interest payable – Bank of Scotland Plc	(5,200)	(4,851)
Interest receivable – HBOS Treasury Services plc	8	7
	<u>(5,192)</u>	<u>(4,844)</u>

The Group's policy in relation to lending to related parties and other product offering is disclosed in the Group accounts of HBOS plc, the ultimate parent company undertaking of Ocean Leasing (No 2) Limited

#### 15. Parent undertaking

HBOS plc is the ultimate parent undertaking of Ocean Leasing (No 2) Limited and heads the largest group into which the accounts of the Company are consolidated. The consolidated accounts of HBOS plc may be obtained from its head office at The Mound, Edinburgh EH1 1YZ.

Bank of Scotland plc heads the smallest group into which the accounts of the Company are consolidated. The accounts of Bank of Scotland plc may be obtained from its head office at The Mound, Edinburgh, EH1 1YZ.



# OCEAN LEASING (No 2) LIMITED

YEAR ENDED 30 SEPTEMBER 2007

## NOTES TO THE ACCOUNTS (continued)

### 16. Financial instruments

Exposure to credit and interest rate risks arises in the normal course of the company's business

#### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers.

At the balance sheet date there was a concentration of credit risk with the lessee. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Notes	Carrying amount 2007 US\$'000	Fair value 2007 US\$'000	Carrying amount 2006 US\$'000	Fair value 2006 US\$'000
Finance lease receivables	7	115,720	115,720	116,347	116,347
Amounts due from group undertakings	11	3	3	3,819	3,819
Amounts due to group undertakings	11	(95,748)	(95,748)	(99,783)	(99,783)
Total		19,975	19,975	20,383	20,383

#### Interest rate risk

The Company has either fixed and variable rate agreements with customers. Fixed rate agreements are where the customer is committed to pay interest at a fixed rate for the term of the agreement.

Variable rate agreements are agreements where the amount charged to the customer varies over the term of the agreement.

The Company is funded on a short term basis and is exposed to interest rate risk in relation to fixed rate agreements. However this is managed at the intermediate parent company level where exposures are hedged.

## **OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### **Statement of directors' responsibilities in respect of the Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 its 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.

## **OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

#### **OCEAN LEASING (NO 2) LIMITED**

We have audited the financial statements of Ocean Leasing (No 2) Limited for the year ended 30 September 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 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' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 17.

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 AUDIT 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 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.

**OCEAN LEASING (No 2) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2007**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**OCEAN LEASING (NO 2) LIMITED (continued)**

**OPINION**

In our opinion the financial statements

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended, and
- 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

*KPMG Audit Plc*

**KPMG Audit Plc**

*Chartered Accountants  
Registered Auditor*

*10 July 2008*

8 Salisbury Square  
London EC4Y 8BB