

## RM Leasing Limited

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Annual report and financial statements  
for the year ended 30 September 2007

Registered number 05045231

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RM Leasing Limited  
Company information  
For the year ended 30 September 2007

|                           |                                                        |
|---------------------------|--------------------------------------------------------|
| <b>Directors</b>          | M Greig<br>D Muir                                      |
| <b>Secretary</b>          | E Hollinrake                                           |
| <b>Company<br/>number</b> | 05045231                                               |
| <b>Registered Office</b>  | 183 Milton Park<br>Abingdon<br>Oxfordshire<br>OX14 4SE |
| <b>Auditors</b>           | Deloitte & Touche LLP<br>Reading                       |

RM Leasing Limited  
Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 September 2007

**Principal activity**

The principal activity of the Company in the year under review was that of a hire purchase company

**Review of business and future prospects**

During the period the Company leased vehicles to fellow Group companies. The directors expect that this activity will continue and expand in forthcoming periods. The directors have taken advantage of the exemption under s246(4)(a) of the Companies Act and have not presented an enhanced business review with the directors report

**Directors**

The directors who held office during the year and to the date of signing are as stated on page 1

**Results and dividends**

The loss for the year after taxation was £8,031 (year ended 30 September 2006 profit £56,648)

No dividends have been paid (2006 £70,000)

**Auditors**

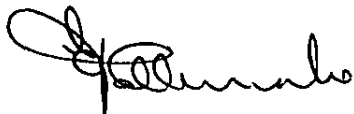
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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 and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors. Accordingly, a resolution to re-appoint them as the Company's auditor will be proposed at the forthcoming Annual General Meeting

By order of the Board



E Hollinrake  
Secretary

Date 14<sup>th</sup> December 2007

### **Directors' responsibilities**

The directors are responsible for preparing the Annual 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. The Directors have elected to prepare the financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985. In doing so, Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

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 other irregularities.

**RM Leasing Limited**  
**Independent Auditor's Report to the Shareholders**

We have audited the financial statements of RM Leasing Limited for the year ended 30 September 2007 which comprise the income statement, balance sheet, cash flow statement and the related notes 1 to 17. 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 auditor**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 or material inconsistencies 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 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 IFRSs as adopted by the European Union, of the state of the Company's affairs as at 30 September 2007 and of its loss for the period 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 - Touche LLP*

Date: 14 December 2007

RM Leasing Limited  
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**INCOME STATEMENT**

For the year ended 30 September 2007

| <i>£</i>                                                                         | <i>Notes</i> | 2007            | 2006           |
|----------------------------------------------------------------------------------|--------------|-----------------|----------------|
| Revenue                                                                          | 3            | 142,054         | 158,843        |
| <b>Gross profit</b>                                                              |              | <b>142,054</b>  | <b>158,843</b> |
| Administrative expenses                                                          |              | (2,947)         | (2,500)        |
| <b>Profit from operations</b>                                                    | 5            | <b>139,107</b>  | <b>156,343</b> |
| Investment income                                                                | 6            | 493             | -              |
| Finance costs                                                                    | 7            | (166,552)       | (88,851)       |
| <b>(Loss)/profit before tax</b>                                                  |              | <b>(26,952)</b> | <b>67,492</b>  |
| Tax                                                                              | 8            | 18,921          | (10,844)       |
| <b>(Loss)/profit for the period attributable to equity holders of the parent</b> |              | <b>(8,031)</b>  | <b>56,648</b>  |

All amounts derive from continuing operations

The Company has no recognised income or expense other than the results for the current and prior periods. Accordingly, no statement of recognised income and expense is presented.

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**BALANCE SHEET**

As at 30 September 2007

| £                                                          | Notes | 2007               | 2006               |
|------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Non current assets</b>                                  |       |                    |                    |
| Trade and other receivables                                | 10a   | 1,100,733          | 1,256,677          |
| <b>Current assets</b>                                      |       |                    |                    |
| Trade and other receivables                                | 10a   | 966,507            | 1,490,392          |
| Cash and cash equivalents                                  | 10b   | 1,000              | 1,000              |
|                                                            |       | <b>967,507</b>     | <b>1,491,392</b>   |
| <b>Total assets</b>                                        |       | <b>2,068,240</b>   | <b>2,748,069</b>   |
| <b>Current liabilities</b>                                 |       |                    |                    |
| Trade and other payables                                   | 11    | (2,041,450)        | (2,692,816)        |
| Tax liabilities                                            | 11    | -                  | (20,432)           |
|                                                            |       | <b>(2,041,450)</b> | <b>(2,713,248)</b> |
| <b>Net current liabilities</b>                             |       | <b>(1,073,943)</b> | <b>(1,221,856)</b> |
| <b>Total liabilities</b>                                   |       | <b>(2,041,450)</b> | <b>(2,713,248)</b> |
| <b>Net assets</b>                                          |       | <b>26,790</b>      | <b>34,821</b>      |
| <b>Equity attributable to equity holders of the parent</b> |       |                    |                    |
| Share capital                                              | 13    | 10,000             | 10,000             |
| Retained earnings                                          |       | 16,790             | 24,821             |
| <b>Total equity</b>                                        | 14    | <b>26,790</b>      | <b>34,821</b>      |

These financial statements were approved by the Board of Directors on 14 December 2007

Signed on behalf of the Board of Directors



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**CASH FLOW STATEMENT**

For the year ended 30 September 2007

| £                                                               | 2007           | 2006           |
|-----------------------------------------------------------------|----------------|----------------|
| <b>Profit from operations</b>                                   | <b>139,107</b> | <b>156,343</b> |
| <b>Operating cash flows before movements in working capital</b> | <b>139,107</b> | <b>156,343</b> |
| Decrease/(increase) in receivables                              | 698,533        | (905,742)      |
| (Decrease)/increase in payables                                 | (651,366)      | 839,425        |
| <b>Cash generated by operations</b>                             | <b>186,274</b> | <b>90,026</b>  |
| Tax paid                                                        | (20,215)       | (1,175)        |
| Interest paid                                                   | (166,552)      | (88,851)       |
| <b>Net cash outflow from operating activities</b>               | <b>(493)</b>   | <b>-</b>       |
| <b>Investing activities</b>                                     |                |                |
| Interest received                                               | 493            | -              |
| <b>Net cash from investing activities</b>                       | <b>493</b>     | <b>-</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>-</b>       | <b>-</b>       |
| Cash and cash equivalents at the beginning of year              | 1,000          | 1,000          |
| <b>Cash and cash equivalents at the end of year</b>             | <b>1,000</b>   | <b>1,000</b>   |



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**1. General information**

RM Leasing Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The nature of the Company's operations and its principal activities are set out in the Business Review included in the Directors' Report.

The Company is part of a European listed Group, whose ultimate parent is RM plc. The Group is required to report under International Financial Reporting Standards (IFRS) and the Company has now also transitioned to IFRS. For RM Leasing Limited this annual report, for the year ending 30 September 2007 is the first report under IFRS.

The accounting policies are drawn up in accordance with those International Accounting Standards (IAS) and IFRS issued by the International Accounting Standards Board (IASB) and adopted for use in the EU and therefore comply with Article 4 of the EU IAS Regulation applied in accordance with the provisions of the Companies Act 1985. The disclosures required by IFRS1 First-time Adoption of IFRS concerning the transition from UKGAAP to IFRS are given in note 17.

**Adoption of new and revised International Financial Reporting Standards**

At the date of approval of these financial statements the following standards and interpretations were issued but not yet mandatory for the Company and have not been adopted:

**IFRS:**

IFRS 7 Financial Instruments Disclosures

IFRS 8 Operating Segments

**International Financial Reporting Interpretations Committee (IFRIC) interpretations:**

IFRIC 8 Scope of IFRS 2

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 12 Service Concession Arrangements

**Amendments to existing standards:**

Amendments to IAS 1 Presentation of Financial Statements – Capital Disclosures

Amendments to IAS 23 Borrowing Costs – Capitalisation of Borrowing Costs

The Directors are still reviewing the impact of these standards and interpretations but do not anticipate that their adoption will have a material impact on the Company's financial statements in the period of initial adoption.

The significant IFRS accounting policies adopted by the Company are listed below.

**2. Significant accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis. The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

## 2. Accounting policies (continued)

### Revenue

Revenue represents amounts receivable for services provided to third-parties net of VAT and other sales-related taxes. The hire purchase amount receivable includes both capital and finance elements.

Revenue from the sale of cars is recognised upon transfer to the purchaser of the significant risks and rewards of ownership.

### Taxation

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

### Dividends

Dividends are recognised as a liability in the period in which the shareholders' right to receive payment has been established.

## 3. Revenue

An analysis of the Company's revenue is as follows:

| £                                     | 2007           | 2006           |
|---------------------------------------|----------------|----------------|
| Revenue from hire purchase agreements | 142,054        | 158,843        |
| Investment income                     | 493            | -              |
| <b>Total revenue</b>                  | <b>142,547</b> | <b>158,843</b> |

## 4. Business segments

The business operates in one primary segment, being the leasing of vehicles to Group companies.

The Company operates exclusively in the UK, with no other geographical segment being relevant for disclosure.

## 5. (Loss)/Profit for the year

(Loss)/Profit is stated after charging:

| £                                         | 2007  | 2006  |
|-------------------------------------------|-------|-------|
| Auditors' remuneration for audit services | 2,891 | 2,540 |

There were no staff employed in the current or preceding year. It is impractical to allocate the directors' emoluments between services to this company and services to other Group companies.

## 6. Investment income

| £                 | 2007 | 2006 |
|-------------------|------|------|
| Investment income | 493  | -    |

## 7. Finance costs

| £                                          | 2007    | 2006   |
|--------------------------------------------|---------|--------|
| Interest on amounts due to Group companies | 166,552 | 88,851 |

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**8. Tax**

**a) Analysis of tax charged in income statement:**

| £                                        | 2007            | 2006          |
|------------------------------------------|-----------------|---------------|
| <b>Current taxation</b>                  |                 |               |
| UK corporation tax                       | (8,086)         | 20,248        |
| Adjustment in respect of prior years     | (10,835)        | (9,404)       |
| <b>Total current tax</b>                 | <b>(18,921)</b> | <b>10,844</b> |
| <b>Total income statement tax charge</b> | <b>(18,921)</b> | <b>10,844</b> |

**b) Factors affecting the tax charge for the period:**

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax is as follows

| £                                               | 2007            | 2006          |
|-------------------------------------------------|-----------------|---------------|
| (Loss)/profit on ordinary activities before tax | (26,952)        | 67,492        |
| Tax at 30% thereon                              | (8,086)         | 20,248        |
| Effects of                                      |                 |               |
| - prior period adjustments                      | (10,835)        | (9,404)       |
| <b>Tax</b>                                      | <b>(18,921)</b> | <b>10,844</b> |

**9. Dividends**

|                                             | 2007 | 2006   |
|---------------------------------------------|------|--------|
| Interim paid of £nil per share (2006 £7 00) | -    | 70,000 |

**10. Other financial assets**

**a) Trade and other receivables**

| £                                                            | 2007             | 2006             |
|--------------------------------------------------------------|------------------|------------------|
| <b>Non current</b>                                           |                  |                  |
| Amounts owed by Group companies from hire purchase contracts | 1,100,733        | 1,256,677        |
| <b>Current</b>                                               |                  |                  |
| Amounts owed by Group companies from hire purchase contracts | 947,802          | 1,490,392        |
| Tax assets                                                   | 18,705           | -                |
|                                                              | <b>966,507</b>   | <b>1,490,392</b> |
|                                                              | <b>2,067,240</b> | <b>2,747,069</b> |

No credit period has been taken on hire purchase transactions (2006 nil)

The Directors consider that the carrying amount of trade and other receivables approximates their fair value

**b) Cash and cash equivalents**

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value

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**11 Other financial liabilities - Trade and other payables**

| £                                  | 2007             | 2006             |
|------------------------------------|------------------|------------------|
| <b>Current</b>                     |                  |                  |
| Trade payables                     | 84,531           | -                |
| Other taxation and social security | 39,217           | 49,754           |
| Other creditors and accruals       | 2,891            | 80,838           |
| Amounts due to Group companies     | 1,914,810        | 2,562,134        |
|                                    | <b>2,041,450</b> | <b>2,692,816</b> |

Trade payables and accruals principally comprise amounts outstanding for the purchase of vehicles and ongoing costs. The average credit period taken for trade purchases is 26 days.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

**12. Financial instruments**

The financial assets and liabilities of the Company are disclosed in notes 10 and 11 respectively.

The main risks arising from the Company's financial assets and liabilities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies on a regular basis for managing the risks associated with these assets and liabilities.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken and the Company does not hold or issue derivative financial instruments for speculative purposes.

**Credit risk**

The Company's principal financial assets are bank balances and other receivables.

The Company's credit risk is primarily attributable to its trade receivables which arise from fellow Group companies.

**Liquidity risk**

Cash is managed to ensure that sufficient liquid funds are available with a variety of counterparties, but principally other Group companies, through short, medium and long-term cash flow forecasting.

**Interest rate risk**

The interest bearing financial assets and liabilities held by the Company are the hire purchase receivable, cash and cash equivalents and payables with other Group companies arising from cash surpluses/deficits. Interest on hire purchase contracts is charged at base rate + 2%, the Company does not hedge this exposure.

Cash and cash equivalents have the following interest rate profile

| £        | 2007<br>Interest<br>free | 2006<br>Interest<br>free |
|----------|--------------------------|--------------------------|
| Sterling | 1,000                    | 1,000                    |
|          | <b>1,000</b>             | <b>1,000</b>             |

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**13. Share capital**

|                                                | 2007<br>£ | 2006<br>£ |
|------------------------------------------------|-----------|-----------|
| <b>Authorised</b>                              |           |           |
| 10,000 ordinary shares of £1 each              | 10,000    | 10,000    |
| <b>Allotted, called up, but not fully paid</b> |           |           |
| 10,000 ordinary shares of £1 each              | 10,000    | 10,000    |

**14. Reconciliation of shareholder's equity and reserves**

| £                    | Share capital | Retained earnings | Total equity    |
|----------------------|---------------|-------------------|-----------------|
| At 1 October 2005    | 10,000        | 38,173            | <b>48,173</b>   |
| Profit for the year  | -             | 56,648            | <b>56,648</b>   |
| Dividends paid       | -             | (70,000)          | <b>(70,000)</b> |
| At 1 October 2006    | <b>10,000</b> | <b>24,821</b>     | <b>34,821</b>   |
| Loss for the year    | -             | (8,031)           | <b>(8,031)</b>  |
| At 30 September 2007 | <b>10,000</b> | <b>16,790</b>     | <b>26,790</b>   |

**15. Related party transactions**

During the year, there were no transactions between the Company and its ultimate parent undertaking, RM plc. The Company entered into the following transactions with other Group companies

| £                                                  | 2007            | 2006          |
|----------------------------------------------------|-----------------|---------------|
| Purchases or sales of goods and services           | 634,795         | 753,400       |
| Transfers under finance arrangements               | (663,249)       | (704,020)     |
| Settlement of liabilities on behalf of the Company | (22,756)        | (2,000)       |
|                                                    | <b>(51,210)</b> | <b>47,380</b> |

Transactions between Group companies are conducted on an arms length basis in compliance with Transfer Pricing regulations

**16. Ultimate parent undertaking**

The Company's immediate and ultimate parent undertaking is RM plc, a Company incorporated in the UK. The financial statements of the Group are publicly available and may be obtained from RM plc, New Mill House, 183 Milton Park, Abingdon, Oxfordshire, OX14 4SE

**17. Explanation of transition to IFRS**

The year ending 30 September 2007 is the first year for which the Company is presenting its financial statements under IFRS. The last financial statements under UK GAAP were for the year ended 30 September 2006. The date of transition to IFRS was 1 October 2005.

On review there were no material accounting entries required on the transition to IFRS, as a result the comparative figures are as presented in prior year accounts under UKGAAP.