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Company Number: FC024011

**MACHILL INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**30 September 2004**



**MACHILL INVESTMENTS LIMITED**

**Annual Report and Financial Statements**

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## **MACHILL INVESTMENTS LIMITED**

### **Officers and professional advisers**

#### **Directors**

D. Treanor  
T. Slater  
R Woodhouse

#### **Secretary**

R. Speak

#### **Cayman Islands registered office**

Maples and Calder  
Ugland House  
South Church Street  
P.O. Box 309  
George Street  
Grand Cayman, Cayman Islands

#### **UK branch office**

88 Wood Street  
London  
EC2V 7QQ

#### **Bankers**

National Australia Bank Limited

#### **Advisors as to English Law**

Linklaters and Alliance

#### **Advisors as to Cayman Island Law**

Maples and Calder

#### **Auditors**

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

## Report of the Directors

The Directors of Machill Investments Limited ("the Company") submit their report and audited Financial Statements for the year to 30 September 2004.

### Principal activities and business review

The Company provides finance to Yorkshire Bank PLC ("YB") or to any wholly owned subsidiary of YB and enters into and participates in various financial transactions with group companies of YB. The Company did not enter into any new transactions during the year ended 30 September 2004.

### Directors and Directors' interests

The names of the current Directors are listed on page 2.

R. Cameron resigned as a Director on 31 October 2003. R Woodhouse was appointed as a Director on 9 September 2004.

No Director has any disclosable interest in the shares or debentures of the Company, or other group companies incorporated in the United Kingdom.

### Company Secretary

The current Company Secretary is shown on page 2.

P Turner resigned and R Speak was appointed as Company Secretary on 29 September 2004.

### Profits and appropriations

The profit attributable to the shareholders for the year to 30 September 2004 amounted to £10,653,000 (2003: £10,597,000). Interim dividends totalling £10,650,000 (2003: £10,564,000) were paid or accrued during the year. The Directors do not recommend the payment of a final dividend in respect of the financial year.

By order of the Board.



R. Speak  
Secretary

17 December 2004

## **Statement of Directors responsibilities**

The Directors have prepared these Financial Statements so as 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 year as if applicable United Kingdom law applied to them. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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, which disclose with reasonable accuracy at any time the financial position of the Company. 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.

## Report of the independent auditors to the members of Machill Investments Limited

We have audited the Financial Statements on pages 6 to 12.

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter. 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

As described on page 4, the Company's Directors have accepted responsibility for the preparation of the Financial Statements in accordance with applicable accounting standards and as if applicable United Kingdom law applied to them. Our responsibilities, as independent Auditors, are established in the United Kingdom by the terms of our engagement letter, the Auditing Practices Board and by our profession's ethical guidance.

Under the terms of our engagement we are required to 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 UK 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 these 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 30 September 2004 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985, as if the requirements of this Act applied to these Financial Statements.

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

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December 2004

# MACHILL INVESTMENTS LIMITED

## Profit and loss account for the year ended 30 September 2004

	Note	2004 £'000	2003 £'000
<i>Continuing operations</i>			
Interest receivable and similar income	3	15,226	15,160
Administration expenses		-	(21)
Profit on ordinary activities before taxation	2	<u>15,226</u>	<u>15,139</u>
Taxation on profit on ordinary activities	4	<u>(4,573)</u>	<u>(4,542)</u>
Profit for the financial year		10,653	10,597
Dividends paid and accrued	5	(10,650)	(10,564)
<b>Retained profit for the year</b>	13	<u><u>3</u></u>	<u><u>33</u></u>

All material items dealt with in arriving at the profit on ordinary activities before tax for the year ended 30 September 2004 and the period ended 30 September 2003 relate to continuing operations.

There were no recognised gains or losses other than the profit for the year.

The notes on pages 8 to 12 form part of these financial statements.

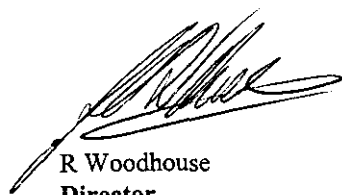
**MACHILL INVESTMENTS LIMITED**

**Balance Sheet as at 30 September 2004**

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Fixed asset investments	6	276,000	276,000
<b>Current assets</b>			
Debtors	7	8,891	9,149
Cash at bank	8	4	-
		<u>8,895</u>	<u>9,149</u>
<b>Creditors : amounts falling due within one year</b>	9	<u>(4,616)</u>	<u>(4,873)</u>
<b>Net current assets</b>		<u>4,279</u>	<u>4,276</u>
<b>Net assets</b>		<u>280,279</u>	<u>280,276</u>
<b>Capital and reserves</b>			
Called up share capital	10	200,080	200,080
Share premium	11	79,920	79,920
Profit and loss account	12	279	276
	13	<u>280,279</u>	<u>280,276</u>

The notes on pages 8 to 12 form part of these financial statements.

The accounts were approved by the Board of Directors on 17 December 2004 and were signed on its behalf by:



**R Woodhouse**  
**Director**

88 Wood Street  
London  
EC2V 7QQ



## Notes to the Financial Statements

### 1) Principal accounting policies

These Financial Statements have been prepared in accordance with the UK Companies Act 1985 and UK applicable accounting standards. These Financial Statements are not statutory accounts. Under Cayman Island Company law there is no requirement to prepare statutory Financial Statements.

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 under the historical cost convention and in accordance with the UK Companies Act 1985 and applicable UK accounting standards.

#### Cash flow statement

In accordance with FRS1 "Cash Flow Statements" (Revised 1996), no cash flow statement is presented as the Company's ultimate parent undertaking, National Australia Bank Limited (NAB) presents such a statement in its own accounts.

#### Fixed asset investments

The fixed asset investments held in the balance sheet represent lending to a group undertaking and are included at cost less any provision for permanent diminution in value.

#### Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose related party transactions with National Australia Group companies and associated undertakings on the grounds that it is a subsidiary of NAB.

#### Taxation

The Company provides for taxation using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all timing differences which occur where items are tax-effected in a period different from that in which they are recognised in the Financial Statements. Deferred tax assets are only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the timing differences and tax losses can be deducted.

### 2) Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging Directors' remuneration of £nil (2003: £nil). Auditors' remuneration is charged to the parent undertaking. The Company did not have any employees during the year. All services are provided by the London Branch of NAB and no management charge was made in the year ended 30 September 2004 (2003: £nil).

### 3) Interest receivable and similar income

	2004 £'000	2003 £'000
Interest receivable from parent undertaking	15,226	15,160
	<u>15,226</u>	<u>15,160</u>

## Notes to the Financial Statements (continued)

## 4) Taxation on profit on ordinary activities

*a) Analysis of the charge for the year*

	2004 £'000	2003 £'000
<i>The charge for taxation comprises:</i>		
UK corporation tax charge at 30%	4,567	4,542
Adjustment relating to prior years	6	-
	<u>4,573</u>	<u>4,542</u>

*b) Factors affecting the tax charge for the current year*

The current tax charge for the year / period is equivalent to the standard rate of corporation tax in the UK of 30%.

	2004 £'000	2003 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	15,226	15,139
Current tax at 30%	4,567	4,542
<i>Effects of:</i>		
Adjustment relating to prior years	6	-
Total current tax charge (see above)	<u>4,573</u>	<u>4,542</u>

*c) Factors that may affect future tax charges*

There are no items which would materially affect the future tax charge.

## 5) Dividends paid and accrued

	2004 £'000	2003 £'000
Class B ordinary dividend	984	924
Preference dividend	9,666	9,640
	<u>10,650</u>	<u>10,564</u>

## 6) Fixed asset investments

	2004 £'000	2003 £'000
Interest bearing loan to Yorkshire Bank Plc	<u>276,000</u>	<u>276,000</u>

This loan is due for repayment on 3 January 2007. The loan pays quarterly fixed interest at a rate of 5.42%.

Notes to the Financial Statements (continued)

7) Debtors

	2004 £'000	2003 £'000
Accrued interest receivable from fellow group undertaking	3,661	3,729
Interest bearing loan to fellow group undertaking	5,230	5,420
	<u>8,891</u>	<u>9,149</u>

8) Cash held at ultimate parent undertaking

	2004 £'000	2003 £'000
Current account with NAB – London Branch	<u>4</u>	<u>-</u>

9) Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank overdraft with NAB - London Branch	-	233
Corporation tax payable	2,292	2,263
Accrued preference dividend payable	2,324	2,377
Sundry Creditors	-	-
	<u>4,616</u>	<u>4,873</u>

# Notes to the Financial Statements (continued)

## 10) Called up share capital

The authorised share capital of the Company is as follows:

	2004 £	2003 £
<i>Authorised:</i>		
<i>Equity</i>		
80,000 Class "B" Ordinary Shares @ £1 each	80,000	80,000
<i>Non-equity</i>		
8,889 Class "A" Ordinary Shares @ £0.01 each	89	89
200,000,00 Redeemable Preference Shares @ £1 each	200,000,000	200,000,000
	<u>200,080,089</u>	<u>200,080,089</u>

The following shares were issued and fully paid up:

	£	£
<i>Allotted, called up and fully paid:</i>		
<i>Equity</i>		
80,000 Class "B" Ordinary Shares @ £1 each	80,000	80,000
<i>Non-equity</i>		
8,889 Class "A" Ordinary Shares @ £0.01 each	89	89
200,000,000 Redeemable Preference Shares @ £1 each	200,000,000	200,000,000
	<u>200,080,089</u>	<u>200,080,089</u>

The preference shares may be redeemed at any time, at the request of the Company (up to a maximum of £200,000,000 at any one time), at the nominal value including premium paid plus all arrears, deficiency or accruals of the preferential dividend, by giving notice in writing to the holders of the preference shares. The holders of the preference shares shall be entitled to receive notice of, but not attend or vote at any general meeting of the Company. The preference shares shall rank ahead of the holders of the Class A and Class B ordinary shares for the purposes of dividends and in the event of a winding up.

## 11) Share premium

	2004 £	2003 £
Share Premium on 80,000 Class "B" Ordinary Shares	79,920,000	79,920,000
	<u>79,920,000</u>	<u>79,920,000</u>

## 12) Profit and loss Account

	2004 £'000
At 1 October 2003	276
Retained profit for the year	3
At 30 September 2004	<u>279</u>

# MACHILL INVESTMENTS LIMITED

## 13) Reconciliation of shareholder's funds

	2004 £'000	2003 £'000
Retained profit for the year / period	3	33
Share capital issued	-	-
Net increase in shareholder's funds	<u>3</u>	<u>33</u>
Opening shareholder's funds	280,276	280,243
Closing shareholder's funds	<u>280,279</u>	<u>280,276</u>
Of which :		
Equity	80,279	80,276
Non-equity	200,000	200,000
	<u>280,279</u>	<u>280,276</u>

## 14) Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The ultimate parent undertaking is NAB, a Company incorporated in the State of Victoria, Australia. This Company also heads the largest group in which the results of the Company are consolidated. The smallest group in which the results of the Company are consolidated is that headed Yorkshire Bank PLC which is incorporated in Great Britain and registered in England & Wales.

Copies of group accounts prepared in respect of Yorkshire Bank PLC may be obtained from the Company Secretary at 20 Merrion Way, Leeds, LS2 8NZ. Copies of the group accounts prepared in respect of NAB may be obtained from National Australia Bank Limited (London Branch), 88 Wood Street, London EC2V 7QQ.