

CB Finance Limited

Report and Accounts

31 December 2003

Registration No: 125201

 ERNST & YOUNG



Directors

A D M MacDonald MA LLB CA CBE

J A M Orr MA LLB WS

Registered office

Orchard Brae House

30 Queensferry Road

Edinburgh

EH4 2HG

Auditors

Ernst & Young LLP

Ten George Street

Edinburgh

EH2 2DZ

Bankers

Bank of Scotland

38 St Andrew Square

Edinburgh

EH2 2YR

Directors' report

The directors present their report and accounts for the year ended 31 December 2003.

Activities and review of the business

The company will continue to provide finance for leasing and hire purchase of vehicles, plant and equipment.

Results and dividends

The profit for the year before taxation was £94 (2002: £1,497). The directors do not recommend payment of a dividend.

Directors and their interests

The following directors held office throughout the year:

A D M MacDonald MA LLB CA CBE

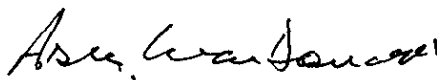
J A M Orr MA LLB WS

A D M MacDonald and J A M Orr have a beneficial interest in the shares of the company through their shareholdings in MacDonald Orr Limited, the ultimate holding company. Their shareholdings are disclosed in the accounts of MacDonald Orr Limited. Apart from this at no time during the year did any director of the company have a beneficial interest in any of the shares of the company.

Auditors

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



Director

29/10/04

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

Independent auditors' report

to the members of CB Finance Limited

We have audited the company's accounts for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 12. These accounts have been prepared on the basis of 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 auditors' 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

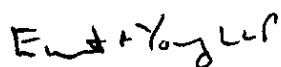
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP'.

Ernst & Young LLP

Registered Auditor

Edinburgh

29 Oct 2004

Profit and loss account

for the year ended 31 December 2003

	<i>Note</i>	<i>2003</i> £	<i>2002</i> £
Turnover	3	1,226	3,265
Administrative expenses		3,726	3,039
		(2,500)	226
Bank interest receivable		2,594	1,271
Profit before taxation	4	94	1,497
Taxation	5	-	--
Profit on ordinary activities after taxation		94	1,497

Statement of total recognised gains and losses

There are no recognised gains or losses for the financial period other than those shown in the profit and loss account.

Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	6	-	-
Current Assets			
Debtors	7	8,924	16,713
Cash at bank and in hand		51,908	46,352
		<u>60,832</u>	<u>63,065</u>
Creditors: amounts falling due within one year	8	1,063,983	1,066,310
Net current liabilities		<u>(1,003,151)</u>	<u>(1,003,245)</u>
Deficiency of assets		<u>(1,003,151)</u>	<u>(1,003,245)</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		<u>(1,003,251)</u>	<u>(1,003,345)</u>
	10	<u>(1,003,151)</u>	<u>(1,003,245)</u>

ERNST & YOUNG

Alexander

Director

29/10/04

Notes to the accounts

at 31 December 2003

1. Fundamental accounting concept

The accounts have been prepared in accordance with applicable accounting standards and on a going concern basis which assumes that the company will continue to trade. The validity of this assumption is dependent on the holding company deferring for the foreseeable future any request for repayment of amounts owed and meeting all administrative expenses as they arise. This they have agreed to do.

2. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention

Income recognition

The company has adopted the following method of accounting for the profit on finance leases and hire purchase contracts:

Sufficient income is recognised at the beginning of the lease to cover initial direct costs. The remaining income receivable is credited to revenue so as to give a constant periodic rate of return on net cash investment.

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 a obligation to pay more, or a right to pay less or to receive more, tax with the following exception:

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.

Fixed assets

Fixed assets comprise office equipment and are depreciated over five years on a straight-line basis.

3. Turnover

Turnover during the year represents net rentals receivable, being the gross rentals receivable less the capital element.

4. Profit before taxation

This is stated after charging:

	2003	2002
	£	£
Auditors remuneration	1,575	1,500

Notes to the accounts

at 31 December 2003

5. Taxation

	2003 £	2002 £
UK Corporation Tax	-	-

Factors affecting the tax charge for the year

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

	2003 £	2002 £
Profit on ordinary activities before tax	94	1,497
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30%	28	449
Tax losses utilised	(28)	(449)
Charge for the year	-	-

Factors that may affect future tax charges

Deferred tax assets consisting of tax losses carried forward have not been recognised as there is insufficient evidence as to their recoverability in the foreseeable future.

6. Tangible assets

	Office equipment £
Cost	
At 31 December 2002	2,050
Disposals	-
At 31 December 2003	2,050
Depreciation:	
At 31 December 2002	2,050
On disposals	-
	2,050
Net book value	
At 31 December 2003	-
At 31 December 2002	-

Notes to the accounts

at 31 December 2003

7. Debtors

	2003 £	2002 £
Amounts owed by group undertakings	1,114	1,114
Finance lease and hire purchase receivables	7,810	15,599
	<u>8,924</u>	<u>16,713</u>

	<i>Hire purchase</i> £	2003 <i>Total</i> £	2002 <i>Total</i> £
Receivable within one year	7,810	7,810	7,603
Receivable after one year	-	-	7,996
	<u>7,810</u>	<u>7,810</u>	<u>15,599</u>

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	1,049,800	1,049,800
Accruals and deferred income	5,074	6,175
Other creditors	9,109	10,335
	<u>1,063,983</u>	<u>1,066,310</u>

9. Share capital

	<i>Authorised</i> £	<i>Allotted called up and fully paid</i> £
Ordinary shares of £1 each at 31 December 2003 and 2002	1,000	100

10. Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Profit for financial period	94	1,497
Opening shareholders' funds	(1,003,245)	(1,004,742)
Closing shareholders' funds	<u>(1,003,151)</u>	<u>(1,003,245)</u>

Notes to the accounts

at 31 December 2003

11. Contingencies and commitments

The company has entered into a cross corporate guarantee along with certain group and other related companies in respect of group bank net borrowings which amounted to approximately £1,469,000 at 31 December 2003 (£1,148,000 at 31 December 2002).

12. Ultimate parent undertaking

The ultimate parent undertaking is MacDonald Orr Limited, a company registered in Scotland and incorporated in Great Britain. The accounts of MacDonald Orr Limited are available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.