

02740386

## Surrey Asset Finance Limited

### Report and Financial Statements

31 July 2006

 ERNST & YOUNG

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COMPANIES HOUSE

# Surrey Asset Finance Limited

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Registered No 2740386

## **Directors**

R A Aust  
B L Bannay  
M J Barley  
D J Dine  
M Gregg

## **Secretary**

S C F Chan

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Bankers**

HSBC Bank PLC  
38 High Street  
Dartford  
Kent  
DA1 1DG

## **Registered Office**

Tolworth Tower  
Surbiton  
Surrey KT6 7EL

## Directors' report

The directors present their report and financial statements for the year ended 31 July 2006

### Results and dividends

The company's trading profit before taxation amounted to £2,348,000 (2005 as restated - £2,656,000). In the current year, the company adopted new accounting policies, details of which are disclosed in Note 1. The company paid interim and final dividends totalling £1,120,000 (2005 - £100,000) during the year.

### Principal activities and review of the business

The company's ultimate parent is Close Brothers Group plc ("CBG") and it operates as part of CBG's Banking division. Its immediate parent is Close Asset Finance Limited.

The company's principal activity is the provision of instalment credit to business customers. The company has achieved satisfactory results in the year. As shown in the company's profit and loss account on page 8, turnover has decreased by 5% over the prior year and profit before tax by 9% over the same period. Whilst this represents a reduction in the financial performance achieved compared to last year, the directors do not anticipate this being a continuing trend. The balance sheet on page 9 shows that the company's financial position at the year end remains strong, in both net assets and cash terms, and is consistent with the prior year.

CBG manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of its development, performance or position. The performance of CBG's Banking division is presented in its Annual Report which does not form part of this report.

### Post balance sheet event

On 1 August 2006, the company bought 100% of the trade and the associated assets and liabilities of its wholly-owned subsidiary, Commercial Finance Credit Limited ("CFC") at net book value. The operations of CFC have been fully integrated with those of the company.

### Principal risks and uncertainties

Damage to our reputation and competitive pressure are continuing risks for the company. The company mitigates these risks by providing added value services to its customers, having fast response times not only in supplying products and services but in handling all customer queries, and by maintaining strong relationships with customers. Group risks are discussed in CBG's Annual Report.

The company is financed by Close Brothers Limited, which is wholly-owned by CBG, and has no third party debt. A combination of both long and short term fixed rate loans and interest rate swaps are used to match the profile of the company's assets and mitigate interest rate exposure.

### Environment

CBG recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates within the Group's Corporate Social Responsibility statement, which is described in the Group's Annual Report. Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption.

## Directors' report

### Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the company's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in CBG's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests. CBG's employee share scheme has been running successfully since its inception in 1993 and is open to all employees after a qualifying service period.

The company's strong relationship with its employees is supported by the fact that 70% of the employees have been with the company for five years or more.

### Directors and their interests

The directors during the year were as follows:

R A Aust  
B Bannay  
M J Barley  
D J Dine  
M Gregg

M J Barley is a director of Close Brothers Limited and his interests in the share capital of Close Brothers Group plc are dealt with in the report of that company.

Details of the options to subscribe for ordinary shares of Close Brothers Group plc held by the directors under the company's sharesave scheme and Executive Share Option Purchase Scheme and details of the directors' interests in ordinary shares of Close Brothers Group plc are given in note 5(c) to the financial statements.

### Policy and practice on payment of creditors

The company does not follow any stated code on payment practice. It is the company's policy to agree terms of payment with suppliers when agreeing the terms of each transaction and to abide by those terms. Standard terms provide for payment of all invoices within 30 days after the date of the invoice, except where different terms have been agreed with supplier at the outset. There are 69 creditor days of suppliers' invoices outstanding at the year end (2005 - 15).

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

## Directors' report

### Completeness of information supplied to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all steps that they should have taken as directors to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

On behalf of the board



Director

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

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements 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 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, 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 and to 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.

## **Independent auditors' report**

### **to the members of Surrey Asset Finance Limited**

We have audited the company's financial statements for the year ended 31 July 2006 which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance sheet and related notes 1 to 18. 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 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**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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.

#### **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.

## **Independent auditors' report**

**to the members of Surrey Asset Finance Limited (continued)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2006 and of its profit for the year 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

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London  
21 September 2006



## Profit and loss account

for the year ended 31 July 2006

	Notes	2006 £'000	2005 <i>as restated</i> £'000
<b>Turnover</b>	2	7,997	8,425
Operating costs		(3,015)	(3,190)
<b>Operating profit</b>		4,982	5,235
Other income	3	11	30
Interest payable and similar charges	4	(2,645)	(2,663)
<b>Profit on ordinary activities before taxation</b>	5	2,348	2,602
Taxation	6	(1,257)	(808)
<b>Profit for the financial year</b>		1,091	1,794
Dividends paid		(1,120)	(100)
<b>Retained (loss)/profit</b>	14	(29)	1,694
<b>Retained profit brought forward</b>		6,490	4,796
<b>Retained profit carried forward</b>	14	6,461	6,490

The results shown in the profit and loss account derive wholly from continuing operations

## Statement of total recognised gains and losses

	2006 £000	2005 <i>as restated</i> £000
Profit for the financial year	1,091	1,794
Total recognised gains and losses relating to the year	1,091	1,794
Prior year adjustment (as explained in note 1)	(599)	
Total gains and losses recognised since last annual report	492	

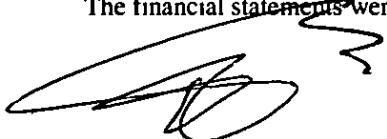
# Balance sheet

at 31 July 2006

	Notes	2006 £'000	2005 as restated £'000
<b>Fixed assets</b>			
Tangible assets	7	1,408	1,299
Investments	8	0	0
<b>Current assets</b>			
Debtors - amounts falling due within one year	9	22,555	21,524
- amounts falling due after more than one year	9	36,044	34,421
Cash at bank and in hand		409	431
		<u>59,008</u>	<u>56,376</u>
<b>Creditors: amounts falling due within one year</b>	12	(51,598)	(48,828)
<b>Net current assets</b>		<u>7,410</u>	<u>7,548</u>
<b>Total assets less current liabilities</b>		<u>8,818</u>	<u>8,847</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Share premium account	14	2,356	2,356
Profit and loss account	14	6,461	6,490
<b>Equity Shareholders' funds</b>	14	<u>8,818</u>	<u>8,847</u>


The notes on pages 10 to 20 form part of these financial statements

The financial statements were approved by the board on 21 September 2006



Director

Director



## Notes to the financial statements

at 31 July 2006

### 1. Accounting policies

#### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the SORP 'Accounting issues in the asset finance and leasing industry' issued by the Finance and Leasing Association

#### Change in accounting policies

In previous years the company recognised income on hire purchase and loan agreements using the sum of digits method. Income on hire purchase and loan agreements is now recognised using the actuarial method.

In previous years the company took a fixed percentage of finance charges relating to loans, leases and hire purchase agreements to income on inception. The company no longer takes an initial percentage but recognises the total finance charges in the profit and loss account over the term of the agreement using the actuarial method.

In previous years the company recognised documentation fees and commissions payable relating to loans and leases in full in the profit and loss account on inception. Documentation fees and commissions payable are now deferred and recognised in the profit and loss account over the term of the loan or lease, in line with interest income.

The effect of these changes in policy was to decrease shareholders' funds at 31 July 2004 by £599,000, to decrease profit for the year ended 31 July 2005 by £26,000, to decrease finance receivables by £1,122,000 at 31 July 2005 and to increase prepayments by £389,000, accruals by £85,000 and deferred tax asset by £245,000 at 31 July 2005.

#### Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Fixtures, fittings and computer equipment	- 25%-33% per annum
Motor vehicles	- 25% per annum

#### Hire purchase, finance leases and regulated loan agreements

Hire purchase, finance leases and regulated loan agreements are recognised as loans at the minimum instalment payments less finance charges. Finance charges are taken to income by the actuarial method.

#### Provisions

Loans and advances are stated net of provisions against doubtful debts which are made on the basis of regular review by management. The provision raised is an estimate of the amount needed to reduce the carrying value of the asset to its expected net realisable value and takes into account management's assessment of a combination of factors including each portfolio structure, characteristics of individual cases, past and expected credit losses and business and economic conditions.

## Notes to the financial statements

at 31 July 2006

### 1. Accounting policies (continued)

#### Documentation fees and commissions

Documentation fees receivable and commissions payable relating to loans and leases are deferred and recognised in the profit and loss account over the term of the loan or lease, in line with interest income

#### Deferred taxation

Deferred taxation is provided in full on material timing differences, at the rates of taxation anticipated to apply when these differences crystallise, arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements. Deferred tax balances are not discounted

#### Interest payable and similar charges

Interest payable comprises interest charged on bank loans, overdrafts and other loans together with the interest paid and received on interest rate swap agreements entered into for hedging purposes

#### Pensions

Contributions within defined contribution schemes are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme

#### Cashflow statement

The company has taken advantage of the exemption within FRS1 (Revised 1996) for 90% or more owned subsidiaries. Accordingly, it has not presented a cashflow statement

#### Group Accounting

The company has taken advantage of the exemption available under section 228 of the Companies Act 1985 from preparing group financial statements. Accordingly these financial statements only contain information about Surrey Asset Finance Limited and not its subsidiary undertakings

### 2. Turnover

Turnover, which arises wholly in the UK, represents net finance income arising from finance leases and hire purchase contracts, as well as commission and collection fees, exclusive of VAT

The analysis of turnover is as follows

	2006	2005
	£'000	<i>as restated</i> £'000
Hire purchase	2,791	3,271
Lease finance	3,495	3,799
Operating leases	279	69
Other income	1,432	1,286
	<u>7,997</u>	<u>8,425</u>

# Notes to the financial statements

at 31 July 2006

## 3. Other income

	2006 £'000	2005 £'000
Bank interest	11	30

## 4. Interest payable and similar charges

	2006 £'000	2005 £'000
Bank loans, overdrafts and interest rate swap agreements		
- payable to group undertakings	2,454	2,663
Bank overdraft interest	12	-
Other interest	179	-
	<u>2,645</u>	<u>2,663</u>

## 5. Profit on ordinary activities before taxation

(a) This is stated after charging	2006 £'000	2005 as restated £'000
Auditors' remuneration		
- as auditors	10	6
- other services	6	11
Depreciation of owned tangible fixed assets	12	16
Depreciation of assets held for operating leases	289	100
Staff costs including executive directors		
Wages and salaries	1,057	864
Social security costs	97	111
Other pension costs	36	44
Loss on disposal of fixed assets	-	2
Operating lease rentals payable Leasehold property rents	26	40

### (b) Directors' remuneration

	2006 £'000	2005 £'000
Emoluments	717	763
Compensation for loss of office	-	109
Company contributions paid to money purchase pension schemes	35	33

	2006 No	2005 No.
Members of money purchase pension schemes	4	4

## Notes to the financial statements

at 31 July 2006

### 5. Profit on ordinary activities before taxation (continued)

The amounts in respect of the highest paid director are

	2006 £'000	2005 £'000
Emoluments	254	227
Company contributions paid to money purchase pension schemes	14	14

#### (c) Directors' interests in shares and share options

##### Directors' Group Share Options

Unexercised options over ordinary shares of Close Brothers Group plc held by directors under the company's sharesave share option scheme were as follows

	1 August 2005	Lapsed	Exercised	Granted	31 July 2006
B L Bannay	1,574	(1,574)	-	-	-
D J Dine	2,416	-	(2,416)	1,414	1,414
R A Aust	2,151	-	(1,450)	848	1,549

Directors' interests in ordinary shares of Close Brothers Group plc held in own name or spouse's name were as follows

	31 July 2006	1 August 2005
R A Aust	2,475	1,025
D J Dine	4,249	732
M Gregg	277	-

Directors' interests in ordinary shares of Close Brothers Group plc granted under the Group's profit sharing scheme were as follows

	31 July 2006	1 August 2005
D J Dine	-	1,101

# Notes to the financial statements

at 31 July 2006

## 5. Profit on ordinary activities before taxation (continued)

Directors' interests in ordinary shares of Close Brothers Group plc granted under the Group's Executive Share Option Scheme were as follows

	<i>1 August 2005</i>	<i>Lapsed</i>	<i>Granted</i>	<i>31 July 2006</i>
B L Bannay	16,000	-	-	16,000
D J Dine	10,000	-	-	10,000

The interests of M J Barley in shares of Close Brothers Group plc is dealt with in the report of Close Brothers Limited

### (d) Employee numbers

The average number of employees during the year was

	<i>2006</i> <i>No</i>	<i>2005</i> <i>No</i>
Office and management	7	6
Sales and collections	4	4
	<u>11</u>	<u>10</u>

## 6. Taxation on profit on ordinary activities

### (a) Analysis of charge in the year

	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>as restated</i> <i>£'000</i>
<i>Current Tax</i>		
UK corporation tax	454	1,033
Tax under/(over) provided in prior years	313	(7)
Total current tax (note 6(b))	<u>767</u>	<u>1,026</u>
<i>Deferred Tax</i>		
Deferred tax – current year	280	(230)
Deferred tax – prior year	210	12
Total deferred tax	<u>490</u>	<u>(218)</u>
Tax on profit on ordinary activities	<u>1,257</u>	<u>808</u>

## Notes to the financial statements

at 31 July 2006

### 6. Taxation on profit on ordinary activities (continued)

(b) Factors affecting the tax charge

The tax assessment on profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 – 30%). The differences are reconciled below

	2006	2005
	£'000	<i>as restated</i> £'000
Profit before tax	2,348	2,602
Corporation tax at 30%	704	781
Expenses not deductible for tax purposes	26	9
Capital allowances (in excess of)/less than depreciation	(192)	263
Short term timing differences	16	(20)
Other	20	
Tax under/(over) provided in previous years	313	(7)
Accounting policy restatement	(120)	
Corporation tax charge (note 6(a))	767	1,026



## Notes to the financial statements

at 31 July 2006

## 7. Fixed assets

	<i>Motor vehicles</i>	<i>Fixtures, fittings and computer equipment</i>	<i>Assets held for operating leases</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost				
At 1 July 2005	17	101	1,350	1,468
Additions	-	7	786	793
Disposals	-	-	(437)	(437)
At 31 July 2006	17	108	1,699	1,824
Depreciation				
At 1 July 2005	3	88	78	169
Charge for the year	4	8	289	301
Disposals	-	-	(54)	(54)
At 31 July 2006	7	96	313	416
Net book value				
At 31 July 2006	10	12	1,386	1,408
At 31 July 2005	14	13	1,272	1,299

## 8. Investments

	<i>Subsidiary undertakings</i>
	<i>£</i>
Cost	
At 1 August 2005 and 31 July 2006	100
Net book value	
At 31 July 2006 and 31 July 2005	100

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertaking</i>				
Commercial Finance Credit Limited	England and Wales	Ordinary shares	100%	Financing

# Notes to the financial statements

at 31 July 2006

## 9. Debtors

	<i>Amounts falling due within one year</i>		<i>Amounts falling due after more than one year</i>	
	2006	2005 <i>as restated</i>	2006	2005 <i>as restated</i>
	£'000	£'000	£'000	£'000
Finance receivables	20,360	19,123	36,044	34,421
Prepayments	518	405	-	-
Other debtors	774	926	-	-
VAT debtor	322	-	-	-
Amounts due from group undertakings	1	-	-	-
Deferred tax	580	1,070	-	-
	<u>22,555</u>	<u>21,524</u>	<u>36,044</u>	<u>34,421</u>

Included in finance receivables are the following amounts

	<i>Gross</i>	<i>Unearned charges</i>	<i>Net</i>	<i>Net</i>
	2006	2006	2006	2005 <i>as restated</i>
	£'000	£'000	£'000	£'000
HP agreements				
within one year	12,904	2,646	10,258	8,827
after one year	20,563	2,914	17,649	17,436
	<u>33,467</u>	<u>5,560</u>	<u>27,907</u>	<u>26,263</u>
Finance leases				
within one year	13,242	3,162	10,080	10,288
after one year	21,315	2,928	18,387	16,982
	<u>34,557</u>	<u>6,090</u>	<u>28,467</u>	<u>27,270</u>
Regulated loans				
within one year	24	2	22	8
after one year	8	0	8	3
	<u>32</u>	<u>2</u>	<u>30</u>	<u>11</u>
Total				
within one year	26,170	5,810	20,360	19,123
after one year	41,886	5,842	36,044	34,421
	<u>68,056</u>	<u>11,652</u>	<u>56,404</u>	<u>53,544</u>

## Notes to the financial statements

at 31 July 2006

### 10. Hire purchase contracts and finance leases

The aggregate cost at 31 July 2006 of assets acquired for the purpose of letting under hire purchase contracts or finance leases was £111,543,000 (2005 - £105,677,000)

### 11. Deferred taxation

	<i>Capital allowances</i>		<i>Short term and other timing differences</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>as restated</i>		<i>as restated</i>		<i>as restated</i>	
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Total deferred tax asset	693	1,095	(113)	(25)	580	1,070
Movement in the year						
						£'000
Asset at 1 August 2005 (as restated)						1,070
Deferred tax charge in the profit and loss account (note 6(a))						(490)
Asset at 31 July 2006						580

### 12. Creditors: amounts falling due within one year

	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>as restated</i> <i>£'000</i>
Trade creditors	4,172	2,781
Amounts due to group undertakings	46,312	45,082
Corporation tax	551	418
Other taxes and social security costs	25	11
Accruals and deferred income	538	536
	<u>51,598</u>	<u>48,828</u>

## Notes to the financial statements

at 31 July 2006

## 13. Called up share capital

	2006 £'000	2005 £'000
Authorised		
Ordinary shares of £1 each		
Ordinary 'A' shares of £1 each	79	79
Ordinary 'B' shares of £1 each	21	21
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
Ordinary shares of £1 each		
Ordinary 'A' shares of £1 each	1	1
Ordinary 'B' shares of £1 each	-	-
	<u>1</u>	<u>1</u>

"A" and "B" shares convey identical rights to the owners and rank pari passu on winding up except that a quorum for any General Meeting must include at least one holder of "A" shares

## 14. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 August 2004 as previously reported	1	2,356	5,395	7,752
Prior year adjustment (note 1)	-	-	(599)	(599)
At 1 August 2004 (as restated)	<u>1</u>	<u>2,356</u>	<u>4,796</u>	<u>7,153</u>
Profit for the financial year (as restated)	-	-	1,694	1,694
At 1 August 2005 (as restated)	<u>1</u>	<u>2,356</u>	<u>6,490</u>	<u>8,847</u>
Loss for the financial year	-	-	(29)	(29)
At 31 July 2006	<u>1</u>	<u>2,356</u>	<u>6,461</u>	<u>8,818</u>

## Notes to the financial statements

at 31 July 2006

### 15. Financial commitments and contingent liabilities

The minimum annual commitment under non cancellable operating leases was as follows

	2006	2005
	£'000	£'000
Land and buildings		
Leases expiring		
After five years	26	26
	<u>26</u>	<u>26</u>

### 16. Related parties

The company has taken advantage of the exemptions conferred by FRS 8 ('Related Party Transactions'), whereby details of transactions with group companies do not have to be disclosed in the subsidiary entity if the entity is more than 90% owned and if group financial statements are publicly available

### 17. Interest rate contracts

Interest rate swap agreements and interest rate caps are entered into for hedging purposes. The nominal value of the open contracts at 31 July 2006 was £17 million (2005 - £32 million)

### 18. Parent undertaking

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Close Brothers Group plc, the ultimate parent undertaking, which is a listed company registered in England and Wales, and the parent undertaking of the smallest such group is Close Brothers Limited, registered in England and Wales. Copies of the financial statements of both Close Brothers Group plc and Close Brothers Limited may be obtained from 10 Crown Place, London EC2A 4FT