

CNH CAPITAL EUROPE LTD

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

FOR THE YEAR
ENDED 31 DECEMBER 2002

COMPANY NO 3420615



CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

On 13 May 2002, the company changed its name to CNH Capital Europe Ltd from Case Credit UK Limited.

The company is a wholly owned subsidiary of CNH Capital Europe SAS, a joint venture between BNP Paribas Lease Group SA and CNH Global NV in order to provide retail and stocking finance to the customer base and dealer network of the CNH group within the UK. The company has traded successfully in its chosen market and is expected to continue to do so.

On 1 December 2002, CNH Capital Europe Limited purchased the book of business previously written under CNH Capital UK Limited which is part of CNH Capital Europe SAS for £113,816,000.

RESULTS AND DIVIDEND

The profit and loss account for the year ended 31 December 2002 is set out on page 4. The Board does not recommend payment of a dividend (2001: Nil).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the company who served during the period were:

Mr M J Dix
M. T B Veillet Lavallee (resigned 31st August 2003)
Mr J S Webster (appointed 13th May 2002)
Ms C Vasseur (appointed 12th May 2003)
Mr M J H Venus (appointed 12th May 2003)

No director of the company has at any time had any interest in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 result 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

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 also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

AUDIT

On 1 September 2002 our auditors, Mazars Neville Russell, changed their name to Mazars.

By order of the Board



M. L. Dix
Director

27th October 2003

Northern Cross
Basing View
Basingstoke
Hants, RG21 4HL

AUDITORS REPORT TO THE SHAREHOLDERS OF
CNH CAPITAL EUROPE LIMITED
(FORMERLY CASE CREDIT UK LIMITED)

We have audited the financial statements on pages 4 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of 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

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 law and United Kingdom Auditing 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 Director's Report, and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 the Company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MAZARS
 MAZARS
 CHARTERED ACCOUNTANTS
 and Registered Auditors
 24 Bevis Marks
 London EC3A 7NR

28/10/03.

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

<u>CONTINUING OPERATIONS</u>	<u>Notes</u>	<u>2002</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>
Interest receivable		2,984	4,578
Interest payable	3	(1,648)	(2,270)
		<hr/>	<hr/>
GROSS PROFIT		1,336	2,308
Other operating income		113	28
Administrative expenses	4	(482)	(359)
		<hr/>	<hr/>
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		967	1,977
Taxation on profit on ordinary activities	5	(290)	(593)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	13	677	1,384
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses other than the result for the year.

The notes on pages 7 to 14 form part of these financial statements.

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 <u>£'000</u>	2002 <u>£'000</u>	2001 <u>£'000</u>	2001 <u>£'000</u>
FIXED ASSETS					
Operating lease assets	6		93		296
CURRENT ASSETS					
Debtors: amounts falling due within one year	7	82,024		27,170	
Debtors: amounts falling due after more than one year	7	69,536		11,006	
CREDITORS : amounts falling due within one year	8	(88,249)		(17,644)	
NET CURRENT ASSETS					
			63,311		20,532
TOTAL ASSETS LESS CURRENT LIABILITIES					
			63,404		20,828
CREDITORS : amounts falling due after more than one year	9		(50,700)		(8,801)
NET ASSETS					
			12,704		12,027
CAPITAL AND RESERVES					
Called up share capital	12		9,000		9,000
Profit and loss account			3,704		3,027
EQUITY SHAREHOLDERS' FUNDS					
	13		12,704		12,027

The notes on pages 7 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors on 27th October 2003



M J Dix
Director

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> <u>£'000</u>	2001 <u>£'000</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	14	(106,080)	38,651
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	15	(2,270)	(2,270)
TAXATION		(730)	(519)
		<hr/>	<hr/>
		(109,080)	35,862
FINANCING			
Increase in loans from group undertakings	17	104,755	(26,529)
		<hr/>	<hr/>
(DECREASE)/INCREASE IN CASH	16/17	(4,325)	9,333
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 14 form part of these financial statements.

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards on a going concern basis.

b) Gross Profit

Gross profit comprises interest charges, finance income on leases, loans and hire purchase agreements, operating lease rental income and depreciation charges and commissions receivable during the year less interest payable and similar charges.

Gross profit is apportioned over the life of agreements to give a constant periodic rate of return on the net investment. Income from insurance related products is apportioned over the period of the agreements to which they relate.

c) Deferred Taxation

Deferred tax is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse.

d) Finance Leases and Hire Purchase Agreements

The Company's net investment in finance leases and hire purchase agreements is included in the balance sheet at the gross amount of minimum future receivables, less gross earnings allocated to future periods and specific bad debt provisions.

e) Depreciation of Tangible Fixed Assets

Operating lease assets are depreciated on the same basis as finance leases to anticipated residual value at the end of the agreements.

2. LEASING ACTIVITY RENTAL INCOME

Interest earned on activities, all within the UK, includes aggregate lease and hire purchase rentals receivable of £4,316,878 (2001: £6,346,398). Of this amount, £34,817 (2001: £48,948) was derived from Operating Leases.

Interest earned on leasing activities includes a charge of £135,549 (2001: £373,589) being depreciation in respect of Operating Lease assets (Note 6).

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

(Continued)

3. INTEREST PAYABLE

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Interest payable to related parties	1,647	2,263
Other interest payable and similar charges	1	7
	<hr/>	<hr/>
	1,648	2,270
	<hr/>	<hr/>

Interest payable to related parties is payable on loans advanced by BNP Paribas a related party (Note 12) and the immediate parent company of BNP Paribas Lease Group SA. Interest is charged on loans and finance lease agreements on normal commercial terms.

4. ADMINISTRATIVE EXPENSES

Administrative expenses include:

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Staff costs		
Wages & salaries	-	23
Social Security costs	-	3
Pension costs	-	-
	<hr/>	<hr/>
	-	26
	<hr/>	<hr/>

The average number of employees during the year was Nil (2001: 4).

Auditors remuneration for the period amounts to £ 10,000 (2001: £10,000) and is for audit work only.

A management charge of £162,372 (2001: £189,314) is payable to BNP Paribas Lease Group, a related party (Note 12), for the provision of administration services. During the year there were management charges paid to CNH UK Ltd of £113,145 (2001: nil), a related party.

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

(Continued)

5. TAXATION

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Corporation tax at 30% (2001: 30%)	182	784
Deferred taxation (Note 10)	108	(191)
	<hr/> 290 <hr/>	<hr/> 593 <hr/>

6. OPERATING LEASE ASSETS

	<u>£'000</u>
<u>Cost</u>	
At 1 January 2002	469
Additions	-
Disposals	(305)
	<hr/> 164 <hr/>
At 31 December 2002	164
<u>Depreciation</u>	
At 1 January 2002	(173)
Charge for the year (Note 2)	(136)
Disposals	238
	<hr/> (71) <hr/>
At 31 December 2002	(71)
<u>Net Book Value</u>	
At 1 January 2002	296
	<hr/>
At 31 December 2002	93
	<hr/>

CNH CAPITAL EUROPE LTD
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

(Continued)

7. DEBTORS:

	<u>2002</u> <u>Receivable within</u> <u>one year</u> <u>£'000</u>	<u>2002</u> <u>Receivable</u> <u>after one year</u> <u>£'000</u>	<u>2001</u> <u>Receivable within</u> <u>one year</u> <u>£'000</u>	<u>2001</u> <u>Receivable</u> <u>after one year</u> <u>£'000</u>
Net investments in hire purchase agreements	66,408	62,361	15,820	9,600
Net investments in leases	6,272	7,049	1,365	1,341
Fixed term advances to customers	468	126	298	65
Other debtors	8,758	-	9,461	-
Prepayments and accrued income (Note 10)	118	-	226	-
	<u>82,024</u>	<u>69,536</u>	<u>27,170</u>	<u>11,006</u>

CNH UK Limited a subsidiary of CNH Global NV, a related party (Note 12) has provided guarantees to the company in respect of £228,900 (2001: £533,221) of certain advances included within debtors. Of this amount, £228,900 (2001: £278,900) is conditional upon the successful repossession of the underlying assets.

CNH UK Limited and New Holland UK Limited, both related parties, have guaranteed £3,773,121 of debtors included within Net Investments in Leases. The guarantee is conditional upon the sale of the underlying assets.

Net investments in hire purchase and lease agreements includes £113,816,000 which relates to the purchase of the book of business from CNH Capital UK Limited.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u> <u>£'000</u>	<u>2001</u> <u>£'000</u>
Bank loans and overdrafts	80,004	15,921
Corporation tax	237	785
Amounts owed to related parties	17	11
Other creditors	7,991	927
	<u>88,249</u>	<u>17,644</u>

Bank Loans and overdrafts includes the sum of £76,476,787 (2001: £3,233,364) due to BNP Paribas, a related party (Note 12) and the immediate parent company of BNP Paribas Lease Group SA.

CNH CAPITAL EUROPE LIMITED
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002
(Continued)

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Bank loans and overdrafts, falling due		
between one and two years	33,500	7,301
between two and five years	17,200	1,500
	<u>50,700</u>	<u>8,801</u>

All bank loans and overdrafts are due to BNP Paribas, a related party (Note 12) and the ultimate parent company.

10. PREPAYMENTS AND ACCRUED INCOME

Deferred taxation
Potential & Fully Provided

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Capital allowance timing differences	118	226
The movement in deferred taxation is as follows:		
		<u>£'000</u>
Balance at 1 January 2002		226
Charge for the year (Note 5)		(108)
		<u>118</u>

11. CONTINGENT LIABILITIES

The company has accepted the credit risk amounting to £139,627 (2001: £313,184) attaching to certain agreements entered into by subsidiary undertakings of BNP Paribas Lease Group SA a related party.

CNH CAPITAL EUROPE LIMITED
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

(Continued)

12. SHARE CAPITAL

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Authorised, Allotted and Fully Paid £1 ordinary shares	9,000	9,000

The company is a wholly owned subsidiary of CNH Capital Europe SAS, a company registered and incorporated in France, which is in turn a joint venture company of BNP Paribas Lease Group SA which owns 50.1% of the share capital of the company and CNH Global NV which owns 49.9% of the share capital of the company. Both investors have been disclosed in the financial statements as related parties. Through its parent and subsidiary companies BNP Paribas Lease Group SA provides the company with the majority of its finance. CNH Global NV via its UK dealer network provides the company with its underlying customer base.

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2002	2001
	<u>£'000</u>	<u>£'000</u>
At start of period	12,027	10,643
Profit for the period	677	1,384
	<u>12,704</u>	<u>12,027</u>

CNH CAPITAL EUROPE LIMITED
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2002

(Continued)

14. RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Operating profit before tax	967	1,977
(Increase)/decrease in advances to customers	(113,992)	33,666
(Increase)/decrease in other debtors	(2,389)	936
Increase/(decrease) in creditors	7,064	(198)
Interest paid added back (Note 16)	2,270	2,270
	<hr/>	<hr/>
Net cash outflow from operating activities	(106,080)	38,651
	<hr/>	<hr/>

15. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Interest paid to related parties	2,270	2,270
	<hr/>	<hr/>

16. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.02	Cash flows	At 31.12.02
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash deposit	9,098	(3,098)	6,000
Overdrafts	-	(1,227)	(1,227)
Debt due within one year	(15,921)	(60,556)	(76,477)
Debt due after one year	(8,801)	(44,199)	(53,000)
	<hr/>	<hr/>	<hr/>
	(15,624)	(109,080)	(124,704)
	<hr/>	<hr/>	<hr/>

CNH CAPITAL EUROPE LIMITED
(FORMERLY CASE CREDIT UK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2002

(Continued)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>2002</u> <u>£'000</u>
Increase in cash in the period (Note 16)	(4,325)
Cash outflow from decrease in debt from related parties	(104,755)
	—
Change in Net Debt resulting from cashflows	(109,080)
Net Debt at 1 January 2002	(15,624)
	—
Net Debt at 31 December 2002 (Note 16)	(124,704)
	=====

18. ULTIMATE PARENT COMPANY

The immediate holding company is CNH Capital Europe SAS which is incorporated and registered in France.

The smallest group in which the results of the company are consolidated is that headed by CNH Capital Europe SAS. Financial statements for that company may be obtained from 5 Avenue Kleber, Paris, France.

The largest group into which the results of the company are consolidated are those headed by BNP Paribas SA which is registered in France. The consolidated financial statements of BNP Paribas SA are available to the public and may be obtained from 16 Boulevard des Italiens, 75009 Paris, France.