



Close Brothers Limited

Annual Report 2005



Close Brothers Limited

PROFILE

Close Brothers Limited is a member of Close Brothers Group plc, an independent merchant banking group founded in the City of London over 125 years ago. Close Brothers Group is amongst the 200 largest companies by market capitalisation listed on the London Stock Exchange and employs some 2,400 people.

Close Brothers Limited is a bank authorised and regulated by the Financial Services Authority. Its activities comprise specialist financing, including property, invoice and insurance premium financing; asset financing of commercial and consumer assets and vehicles; treasury and deposit taking.

Close Brothers Limited's strategy is to provide a diverse range of specialist banking services adding value for our clients as a result of our particular expertise. We are dedicated to developing continuity in our relationships with clients through excellent service, objective advice and uncompromising professionalism.

We have concentrated on building up a balanced mix of activities in the banking sector and our aim is to deliver to our shareholders, over time, a consistent and increasing stream of profits and dividends.

HIGHLIGHTS

	2005	2004
Profit before taxation and goodwill amortisation	£71.3m	£68.2m
Loan book	£1,953m	£1,757m
Customer deposits	£1,818m	£1,681m
Shareholders funds	£275m	£248m
Total assets	£3,394m	£3,074m



Close Brothers Limited

COMPANY INFORMATION

Directors

S.R. Hodges, M.A., Bar. †*
C.D. Keogh, M.A., M.B.A., Bar. †*
P.L. Winkworth, F.C.A., A.T.I.I., M.S.I.†*
M.J. Barley, A.C.I.B.*
M.I. Dack, M.B.A., A.C.I.B.
R.C. Golden, M.B.A.
R.H. Norman, B.A., A.C.A.
M.H. Orkin, B.A.
R.D. Sellers, A.C.A.

Executive Chairman
Deputy Chairman
Deputy Chairman
Chief Executive, Asset Finance Division
Director, Banking
Chief Executive, Close Premium Finance
Director, Finance
Director, Treasury
Director

† Director of Close Brothers Group plc

* Management board member of Close Brothers Group plc

Secretary

S.D. Watson, A.C.I.S.

Auditors

Ernst & Young LLP

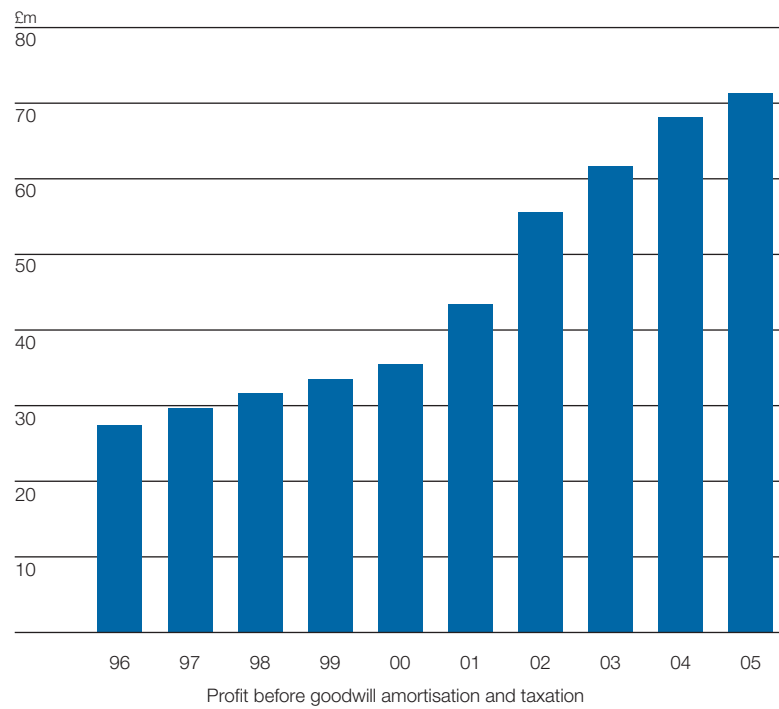
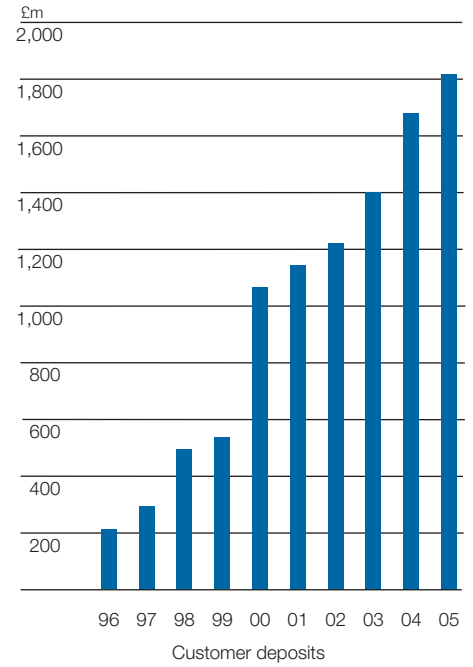
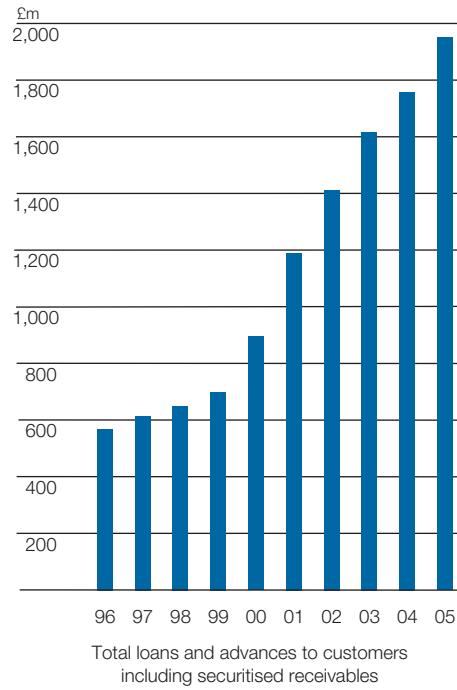
Registered Office

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London EC2A 4FT
Telephone: 020 7655 3100
Fax: 020 7655 8967
E-mail: enquiries@closebrothers.co.uk
Website: www.closebrothers.co.uk

Registered Number

195626

HISTORICAL TRENDS





Close Brothers Limited

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st July, 2005.

Principal Activities

Close Brothers Limited and its subsidiaries ("the group") provide a range of banking services, including specialist financing, asset financing, treasury and deposit taking.

Results and Dividends

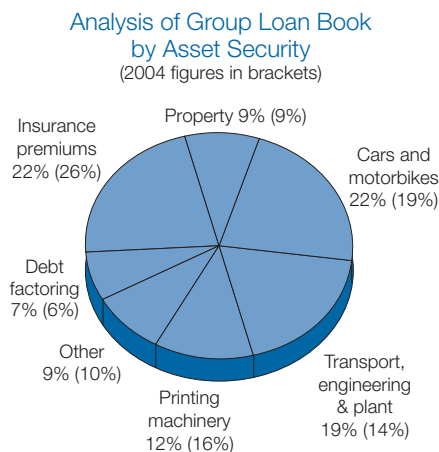
The consolidated results for the year are shown on page 9. The directors approved dividends of £16,000,000 (2004 — £17,750,000) in respect of the year ended 31st July, 2005.

Review of Business

Profit before tax and goodwill amortisation grew by 4.5 per cent. to £71.3 million and the loan book, including securitised receivables and loans in run off, rose to a new high of £1.95 billion, up 11 per cent. Customer deposits grew 8 per cent. to £1.82 billion, also a new high.

2005 was a year in which the benefits of our diversified model were well demonstrated, as overall growth was maintained despite insurance premium deflation and the burden of regulatory change in several of our businesses.

Our customer loan book remained well spread, both by type of asset over which we took security and by number of loans.

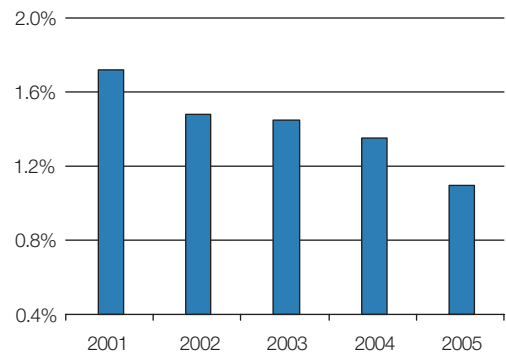


The loan book represented some 442,000 separate advances, only three of which exceeded £5 million, the largest being £12 million.

Several activities grew healthily, and the further reduction in bad debts was particularly pleasing, with the charge for the year as a percentage of our average loan book falling

from 1.4 per cent. last year to 1.1 per cent. The pre-tax returns on operating income and opening net assets were maintained at 40 per cent. and 29 per cent. respectively and underline the quality and spread of our diverse operations.

**Bad Debt Charge as a Percentage of
the Loan Book**



Specialist Financing

Close Property Finance saw another year of good growth. Despite a more difficult housing market, the loan book increased by 17 per cent. to £177 million and there were no material non-performing loans at the year end. Our residential developer borrowers appreciate our specialised and consistent attitude to lending in this area.

Close Premium Finance had a challenging year with insurance premiums falling on average by some 10 per cent. in value. This had a direct impact on the size of its loan book, which by its nature is short term, and therefore on its income. However, this was mitigated to some extent by an increase of some 3 per cent. in the number of cases handled. The number of loans financed during the year exceeded 500,000 for the first time, and 5 million direct debit payments were processed, yet costs barely grew. Insurance is a cyclical business and premium financing remains an area in which we see good long term growth potential. However, in the short term we expect premium deflation to continue.

Close Invoice Finance increased its loan book by 22 per cent. to £122 million. This was the first full year under new senior management, which has streamlined our operations and refocused our marketing. This resulted in an improved level of new business. Our German debt factoring business, which commenced trading only 18 months ago, reached monthly profitability and will make a positive contribution in the year ahead. This is an exciting development and its continued success will encourage us to look at new

specialist overseas ventures, provided we can see the opportunity to build appropriate margins.

Asset Financing

Our asset financing division had another satisfactory year with the loan book exceeding £1.2 billion for the first time. Underlying loan book growth was in line with inflation and our business was boosted by two acquisitions which added £157 million to the book at the year end.

During the year considerable effort has been required to ensure that our businesses comply with new FSA regulations relating to the sale of general insurance products introduced from the beginning of 2005. The transition was managed successfully and the focus has now moved to the significant changes to the Consumer Credit Act and accounting standards.

Close Asset Finance made good progress and saw improved growth in the financing of plant and machinery and of commercial vehicles. Whilst the new print market remained tough throughout the year, this area represented less than 10 per cent. of all new lending in our commercial asset finance arena. We supplemented our organic development with the acquisition of a company based in Hull, now named Kingston Asset Finance.

Close Motor Finance built on its recent achievements with the acquisition of a significant portfolio of motor loans. The motorcycle and light commercial vehicle markets remained buoyant during the year but the used car market became quieter during the second half, dented by lower consumer confidence.

Close Brothers Military Services saw the UK armed forces' continued commitment in Iraq and the consequent difficulties in communicating with customers. Although it achieved modest loan book growth we remain cautious about its future and have again reassessed the goodwill attributable to this business.

Close Finance (CI), operating in the domestic markets in Guernsey and Jersey, enjoyed another good year with the loan book growing by 24 per cent. Notwithstanding the limitations of scale of the island populations we still see a number of opportunities for further growth.

Treasury

Our treasury and funding operation had an excellent year. In the first half we obtained a strong new credit rating from Moody's which, together with our existing rating from Fitch, assisted us in establishing a new medium term note programme. This was well received by the market and we raised £500 million of three year committed funding mainly from new continental lenders. This programme will enable us to raise finance from a deep and liquid market more easily in future. Our customer deposit base continued to expand during the year and in particular we raised a growing amount of longer term deposits. We also diversified our investments in the money market with the purchase of a portfolio of high quality liquid floating rate notes.

Risk Management

Credit risk is controlled by a number of local credit committees within centrally set limits of authority. For transactions above such limits, there is a group credit committee. As a general principle, the group avoids the risk of multiple exposures to one counterparty — for example, one lending subsidiary does not seek to lend to customers of another lending subsidiary. Our loan book is also generally well spread, short term, secured and with a low average loan size.

Each of our operations is responsible for its own liquidity within specified guidelines. Each is properly capitalised for its own business (normally comfortably above the regulatory minimum). The overall liquidity position is regularly reviewed by the group board, assisted by treasury.

Our treasury operations do not actively trade in money market instruments since these are normally held to maturity. Nor do we trade speculatively in derivatives as a principal. Counterparties with whom we place deposits or whose certificates of deposit or floating rate notes we buy are monitored by the treasury committee which establishes specific limits. Interest rate mismatch policy is established by the treasury committee with mismatches being monitored daily.

We continue to be able to finance our customer loans and advances with capital and reserves, longer term deposits and committed facilities. At the year end our committed facilities amounted to over £1.9 billion, of which £1.1 billion was drawn. We continued our long established policy of broadly matching interest rate liabilities whereby we swap variable rate financing into fixed rate, particularly in regard to our asset financing book. The group's funding position is reported to the board each month.



Close Brothers Limited

REPORT OF THE DIRECTORS

Returns from the group's capital and reserves are necessarily subject to interest rate fluctuations and as a matter of policy these are not hedged, as reflected in the interest rate repricing table shown in note 25. Capital levels and requirements are reported to the board monthly.

We have minimal currency exposure, since most of our business is transacted in sterling. Non-sterling financing is funded by liabilities in the relevant currency. Most of the group's activities are located in the British Isles. Since currency exposure resulting from our investment in overseas subsidiaries is currently relatively small, the extent to which the group's consolidated balance sheet is affected by movements in exchange rates is minimal.

Statement of Responsibilities

United Kingdom 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 group as at the end of the financial year and of the profit or loss of the group 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 all applicable accounting standards have been followed; and
- ensure the group has the resources to continue in business for the foreseeable future.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Staff

Group companies are encouraged to develop their own consultative policies. These include regular meetings held between local management and employees to allow a free flow of information and ideas and to discuss decisions likely to affect their interests. Employees participate directly in the success of the business through the Close Brothers Group plc savings related share option

scheme.

It is the group's policy to give appropriate consideration to applications for employment from disabled persons. For the purpose of training, career development and promotion, disabled staff, including any who become disabled in the course of their employment, are treated on equal terms with other employees.

Charitable Contributions

Contributions made during the year for charitable purposes amounted to £12,000 (2004 — £11,000).

Supplier Payments Policy

All banking transactions are settled in accordance with relevant terms and conditions of business agreed with the counterparty. Average creditor days for other approved expenses was 15 (2004 — 15).

REPORT OF THE DIRECTORS

Directors and Interests

The present members of the board are set out on page 2. Mr. R. Mountain retired as a director on 31st January, 2005. All other directors served throughout the year.

Mr. L.M. Bland, who retired as a director on 31st July, 2004, is retained by the company as a consultant. The agreement is dated 1st August, 2004 and can be terminated by either party giving to the other not less than six months' notice.

Mr. D.G. Hardisty, who retired as a director on 31st July, 2003, is retained by Close Asset Finance Limited as a consultant. The terms of that agreement are shown in the financial statements of Close Brothers Group plc.

None of the directors has any interest in the share capital of the company nor in the share

capital of its subsidiary undertakings. Mr. S.R. Hodges, Mr. C.D. Keogh and Mr. P.L. Winkworth have been directors of Close Brothers Group plc, the ultimate parent undertaking, throughout the year, and accordingly their interests in the share capital of that company at the beginning and end of the year are shown in its financial statements.

The other directors at 31st July, 2005 (together with connected persons) held the following beneficial interests in the share capital of the ultimate parent undertaking, Close Brothers Group plc, and options to subscribe for shares under Close Brothers Group plc sharesave and executive share option schemes and awards under the Close Brothers Group plc Long Term Incentive Plan (LTIP), details of which are shown in the financial statements of that company:

	25p ordinary shares		Options			31st July, 2005
	31st July, 2005	1st August, 2004	1st August, 2004	Granted during the year	Exercised during the year	
M.J. Barley	—	—	154,800	—	—	154,800
M.I. Dack	10,828	10,708	127,100	20,000	—	147,100
R.C. Golden	—	—	132,500	50,000	—	182,500
R.H. Norman	19,905	17,674	73,418	13,060	2,168	84,310
M.H. Orkin	6,930	34,227	71,600	12,000	—	83,600
R.D. Sellers	22,175	12,175	142,216	15,000	20,000	137,216

Director's LTIP Award

	1st August, 2004	Granted during the year	31st July, 2005	Vesting date
M.J. Barley	—	47,892	47,892	28th October, 2007

The LTIP award was granted on 28th October, 2004 and is subject to performance criteria. It may be called within twelve months of the vesting date.

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board
S.D. Watson *Secretary*
22nd September, 2005



Close Brothers Limited

REPORT OF THE AUDITORS

Independent Auditors' Report to the Members of Close Brothers Limited

We have audited the company's financial statements for the year ended 31st July, 2005 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 31. These financial statements 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 group'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 and of the group at 31st July, 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
London

22nd September, 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the year ended 31st July, 2005			Year ended
		Ordinary activities before goodwill amortisation	Goodwill amortisation	Total ordinary activities	31st July, 2004
	Note	£'000	£'000	£'000	£'000
Interest receivable	4	276,069	—	276,069	237,216
Interest payable		(138,774)	—	(138,774)	(104,450)
Net interest income		137,295	—	137,295	132,766
Fees and commissions receivable		56,718	—	56,718	51,574
Fees and commissions payable		(18,332)	—	(18,332)	(18,905)
Other operating income		3,798	—	3,798	1,744
Other income		42,184	—	42,184	34,413
Operating income		179,479	—	179,479	167,179
Administrative expenses	2	80,481	—	80,481	70,550
Depreciation	12	7,358	—	7,358	5,632
Provisions for bad and doubtful debts	9	20,349	—	20,349	22,781
Amortisation of goodwill	11	—	8,516	8,516	8,152
Total operating expenses		108,188	8,516	116,704	107,115
Profit on ordinary activities before taxation	4	71,291	(8,516)	62,775	60,064
Taxation on profit on ordinary activities	5	19,708	—	19,708	20,073
Profit on ordinary activities after taxation		51,583	(8,516)	43,067	39,991
Minority interests — equity		520	—	520	1,005
Profit attributable to shareholders		51,063	(8,516)	42,547	38,986
Dividends payable				16,000	17,750
Retained profit for the year	22			26,547	21,236

All income and profits are in respect of continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st July, 2005	2005	2004
	£'000	£'000
Profit attributable to shareholders	42,547	38,986
Exchange adjustment	78	(222)
	42,625	38,764



Close Brothers Limited

CONSOLIDATED BALANCE SHEET

At 31st July, 2005

	Note	2005	2005	2004	2004
		£'000	£'000	£'000	£'000
Assets					
Cash and balances at central banks			1,198		844
Loans and advances to banks	7		739,071		703,945
Loans and advances to customers		1,745,031		1,497,074	
Securitised receivables	8	208,000		260,000	
Total loans and advances to customers		1,953,031		1,757,074	
Less:- non-recourse borrowings	8	(200,000)		(250,000)	
	8		1,753,031		1,507,074
Debt securities	10		787,574		777,509
Intangible fixed assets — goodwill	11		11,094		15,724
Tangible fixed assets	12		26,040		19,316
Other assets			30,623		18,879
Deferred taxation	19		11,265		6,843
Prepayments and accrued income			34,554		24,023
Total assets			3,394,450		3,074,157
Liabilities					
Deposits by banks	13		108,101		79,188
Customer accounts	14		1,818,187		1,681,152
Bank loans and overdrafts	15		492,807		620,742
Debt securities — loan notes issued	16		367,130		100,000
Amounts due to group undertakings	17		140,453		136,897
Other liabilities	18		58,529		59,481
Accruals and deferred income			56,984		49,449
Subordinated loan capital	20		75,000		96,937
Minority interests — equity			2,235		1,912
			3,119,426		2,825,758
Shareholders funds					
Called up share capital	21		82,480		82,480
Profit and loss account	22		192,544		165,919
Total equity shareholders funds			275,024		248,399
Total liabilities and shareholders funds			3,394,450		3,074,157
Memorandum items					
Contingent liabilities — guarantees	23		9,752		4,925
Commitments — other	24		224,253		189,464

Approved by the Board of Directors on 22nd September, 2005.

S.R. Hodges	}	<i>Directors</i>
R.H. Norman		

COMPANY BALANCE SHEET

At 31st July, 2005

	Note	2005	2005	2004	2004
		£'000	£'000	£'000	£'000
Assets					
Cash and balances at central banks			1,198		844
Loans and advances to banks	7		360,867		420,722
Loans and advances to customers		392,286		327,661	
Securitised receivables	8	208,000		260,000	
Total loans and advances to customers		600,286		587,661	
Less:- non-recourse borrowings	8	(200,000)		(250,000)	
	8		400,286		337,661
Debt securities	10		630,791		621,838
Investments in subsidiaries	11		74,023		74,010
Amounts due from group undertakings			1,196,611		1,010,153
Tangible fixed assets	12		3,168		3,986
Other assets			16,741		2,042
Prepayments and accrued income			26,705		16,351
Total assets			2,710,390		2,487,607
Liabilities					
Deposits by banks	13		105,632		77,759
Customer accounts	14		1,172,235		1,117,989
Bank loans and overdrafts	15		481,268		598,608
Amounts due to group undertakings	17		665,248		398,590
Other liabilities	18		15,959		17,359
Accruals and deferred income			37,274		33,869
Subordinated loan capital	20		75,000		96,937
			2,552,616		2,341,111
Shareholders funds					
Called up share capital	21		82,480		82,480
Profit and loss account	22		75,294		64,016
Total equity shareholders funds			157,774		146,496
Total liabilities and shareholders funds			2,710,390		2,487,607
Memorandum items					
Contingent liabilities — guarantees	23		8,980		120
Commitments — other	24		78,818		67,529

Approved by the Board of Directors on 22nd September, 2005.

S.R. Hodges	}	<i>Directors</i>
R.H. Norman		



Close Brothers Limited

THE NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) **Format of financial statements**

The group and company financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking groups and are prepared in accordance with applicable accounting standards and Statements of Recommended Practice issued by the British Bankers' Association and the Finance and Leasing Association.

(b) **Accounting convention**

The financial statements have been prepared under the historical cost convention.

(c) **Fees and commissions receivable**

Fees and commission receivable in respect of services provided are recognised in the profit and loss account when the related services are performed and when considered recoverable.

(d) **Loans and advances to customers**

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.

Interest income is recognised in the profit and loss account as it accrues, except interest on non-performing loans which is recognised either when it is received or when there ceases to be significant doubt as to its receipt.

(e) **Finance leases, operating leases and instalment finance**

Finance leases are recognised as loans at the minimum lease payments receivable less finance charges.

Finance charges on both hire purchase obligations and leases are taken to income in proportion to the net funds invested after deducting, where applicable, a fixed percentage in respect of set-up costs.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

(f) **Debt securities**

Debt securities are held for liquidity and investment purposes. Debt securities are stated in the balance sheet at cost net of provision for any material decline in market value.

(g) **Investments in subsidiaries**

Investments in subsidiaries are stated at cost less provision for impairment in value.

(h) **Depreciation**

The provision for depreciation on tangible fixed assets is calculated to write off their cost over their estimated useful lives by equal annual instalments as follows:

Freehold and long leasehold property	2.5%
Short leasehold property	over the length of the lease
Fixtures, fittings and equipment	10%-33%
Motor vehicles	25%

No depreciation is provided in respect of freehold land, which is stated at cost.

(i) **Foreign currencies**

Foreign currency deposits and advances are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign currency income and expenses are translated into sterling at the average rates of exchange over the year and translation differences are taken to the profit and loss account.

(j) **Deferred taxation**

Deferred taxation is provided in full on material timing differences, at the rates of taxation expected 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.

(k) **Goodwill**

Before 1st August, 1998, goodwill arising on the acquisition of business assets, representing the excess of the purchase consideration over the fair value ascribed to the net tangible assets, was written off to reserves. From 1st August, 1998, as required by Financial Reporting Standard No. 10, such goodwill arising has been capitalised in intangible assets and is amortised in equal annual instalments, unless there is impairment, over its estimated useful life of up to 20 years.

THE NOTES

1. Accounting policies *continued*

(l) Pensions

The cost of providing pensions is charged to the profit and loss account so as to spread the cost for those employees in defined benefits schemes over their expected service lives. 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.

(m) Cash flow statement

The company has taken advantage of the exemption within Financial Reporting Standard No. 1 (Revised) for 90% or more owned subsidiaries. Accordingly, it has not presented a cash flow statement.

2. Administrative expenses	2005	2004
	£'000	£'000
Staff costs:		
Wages and salaries	45,307	37,898
Social security costs	4,580	4,565
Other pension costs	2,413	2,300
	<u>52,300</u>	<u>44,763</u>
Other administrative expenses	28,181	25,787
	<u>80,481</u>	<u>70,550</u>

The average number of persons employed by the group during the year was 1,024 (2004 — 955).

3. Information regarding directors

Directors' fees were £nil (2004 — £nil) and directors' emoluments, excluding pension contributions, were £2,309,000 (2004 — £2,503,000).

The highest paid director received emoluments of £627,000 (2004 — £632,000) and pension contributions of £25,000 (2004 — £10,000).

Contributions paid to money purchase pension schemes, of which five directors were members, amounted to £64,000. Three directors were members of a defined benefits pension scheme, and the company paid £72,000 to the scheme on their behalf.

4. Profit on ordinary activities before taxation	2005	2004
	£'000	£'000
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit fees	559	463
Other fees	335	312
Operating lease rentals payable	2,781	3,692

Aggregate rentals received in respect of finance leases and hire purchase contracts amounted to £533,808,000 (2004 — £460,184,000). Aggregate rentals received in respect of operating leases amounted to £3,132,000 (2004 — £1,058,000).

Interest receivable and similar income arising from debt securities amounted to £35,132,000 (2004 — £21,269,000).

Other interest receivable and similar income amounted to £240,937,000 (2004 — £215,947,000).

Substantially all income, profits and net assets relate to merchant banking activities which are located in the British Isles.



Close Brothers Limited

THE NOTES

5. Taxation on profit on ordinary activities	2005	2004
	£'000	£'000
UK corporation taxation	21,195	22,545
Overseas taxation	743	929
Deferred taxation — (note 19)	(2,149)	(1,201)
Prior year over provision	(81)	(2,200)
	<u>19,708</u>	<u>20,073</u>
Reconciliation to current year taxation charge :		
Operating profit on ordinary activities before taxation	<u>62,775</u>	<u>60,064</u>
Taxation on above operating profit at 30% (2004 — 30%)	18,833	18,019
Goodwill amortisation disallowed	2,555	2,446
Disallowable expenses and other permanent differences	(1,599)	1,808
Prior year over provision	(81)	(2,200)
	<u>19,708</u>	<u>20,073</u>

6. Profit of parent undertaking

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent undertaking is not presented as part of these financial statements. The parent undertaking's profit for the financial year, before dividends payable, amounted to £27,278,000 (2004 — £47,406,000).

7. Loans and advances to banks

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Repayable:				
On demand	333,379	107,496	177,379	48,198
Within three months	403,582	588,111	182,147	365,309
Between three months and one year	2,110	7,599	1,341	7,215
Between one and two years	—	739	—	—
	<u>739,071</u>	<u>703,945</u>	<u>360,867</u>	<u>420,722</u>

8. Loans and advances to customers

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Loans and advances (net of provisions and non-recourse borrowings) comprise:				
Hire purchase agreement receivables	787,193	697,649	—	—
Finance lease receivables	338,612	299,959	—	—
Other loans and advances	627,226	509,466	400,286	337,661
	<u>1,753,031</u>	<u>1,507,074</u>	<u>400,286</u>	<u>337,661</u>

The aggregate cost of assets acquired for the purpose of letting under finance leases and hire purchase agreements was £2,086 million (2004 — £1,645 million).



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9. Provisions for bad and doubtful debts

	2005			2004		
	Specific	General	Total	Specific	General	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
At 1st August, 2004	34,981	8,079	43,060	31,781	4,925	36,706
Charge/(credit) for the year	20,795	(446)	20,349	19,627	3,154	22,781
Arising on acquisition	4,472	—	4,472	—	—	—
Amounts written off net of recoveries	(21,541)	—	(21,541)	(16,427)	—	(16,427)
At 31st July, 2005	38,707	7,633	46,340	34,981	8,079	43,060
Company						
At 1st August, 2004	6,985	4,529	11,514	8,699	2,127	10,826
Charge/(credit) for the year	4,115	(54)	4,061	2,548	2,402	4,950
Amounts written off net of recoveries	(3,965)	—	(3,965)	(4,262)	—	(4,262)
At 31st July, 2005	7,135	4,475	11,610	6,985	4,529	11,514

10. Debt securities

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Certificates of deposit (held for liquidity purposes at cost)	576,766	762,510	434,983	621,838
Floating rate notes (held for investment purposes at cost)	210,808	14,999	195,808	—
	787,574	777,509	630,791	621,838

At both 31st July, 2005 and 31st July, 2004 the certificates of deposit were unlisted, issued by banks and building societies and were due to mature within one year. The floating rate notes, of which £7,000,000 (2004 — £999,000) mature within one year, were listed and issued by banks and building societies.

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11. Investments in subsidiaries

The group's principal subsidiaries at 31st July, 2005 were:

Name of company	Principal activity	Percentage of equity held by group	Country of registration and operation
Air and General Finance Limited	Aircraft financing	100	England
Armed Services Finance Limited	Motor financing	80	England
Braemar Finance Limited	Commercial asset financing	91	England
Close Asset Finance Limited	Commercial asset financing	100	England
Close Bank (Cayman) Limited	Private banking	100	Cayman Islands
Close Bank Guernsey Limited	Private banking	100	Guernsey
Close Bank (Isle of Man) Limited	Private banking	100	Isle of Man
Close Brothers Finance plc	Finance company	100	England
Close Brothers Military Services Limited	Financial services for the Armed Forces	80	England
Close Finance (CI) Limited	Commercial and consumer asset financing	91	Jersey
Close Finance GmbH	Debt factoring	87	Germany
Close Invoice Finance Limited	Debt factoring and invoice discounting	100	England
Close Motor Finance Limited	Motor financing	100	England
Commercial Finance Credit Limited	Commercial asset financing	100	England
Kingston Asset Finance Limited	Commercial asset financing	100	England
Surrey Asset Finance Limited	Commercial asset financing	100	England

The movement in the company's investments in subsidiaries was as follows:

	£'000
At 1st August, 2004	74,010
Investments in subsidiaries during the year	13
	<u>74,023</u>
At 31st July, 2005	74,023

The group purchased Cattles Commercial Finance Limited (now Kingston Asset Finance Limited) on 14th January, 2005. The book value of the net assets of this acquisition is shown below:

	£'000
Loans and advances to customers	65,232
Other assets	3,421
	<u>68,653</u>
Bank loans and overdrafts	(53,785)
Other liabilities	(2,458)
	<u>12,410</u>
Net assets acquired	12,410
Cash consideration for purchase of shares from shareholders	16,233
	<u>3,823</u>
Goodwill arising	<u>3,823</u>

The movement of goodwill was as follows:

	£'000
Original cost capitalised at 1st August, 2004	29,654
Amortisation in prior years	(13,930)
	<u>15,724</u>
Net book value at 1st August, 2004	15,724
Amortisation for the year	(8,516)
Goodwill arising during the year from the acquisition of a subsidiary and minority interests	3,886
	<u>11,094</u>
Net book value at 31st July, 2005	11,094

The amortisation for the year included £6,473,000 of write-down of goodwill.



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12. Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Group				
Cost				
At 1st August, 2004	2,712	27,677	1,780	32,169
Additions	11	13,881	580	14,472
Acquisition of subsidiary	78	934	144	1,156
Disposals	(2)	(2,002)	(648)	(2,652)
At 31st July, 2005	2,799	40,490	1,856	45,145
Depreciation				
At 1st August, 2004	720	11,466	667	12,853
Charge for the year	200	6,741	417	7,358
Acquisition of subsidiary	25	294	54	373
Disposals	(1)	(1,097)	(381)	(1,479)
At 31st July, 2005	944	17,404	757	19,105
Net book value at 31st July, 2005	1,855	23,086	1,099	26,040
Net book value at 31st July, 2004	1,992	16,211	1,113	19,316
Company				
Cost				
At 1st August, 2004		7,581	527	8,108
Additions		783	107	890
Disposals		(875)	(99)	(974)
At 31st July, 2005		7,489	535	8,024
Depreciation				
At 1st August, 2004		3,859	263	4,122
Charge for the year		1,391	118	1,509
Disposals		(686)	(89)	(775)
At 31st July, 2005		4,564	292	4,856
Net book value at 31st July, 2005		2,925	243	3,168
Net book value at 31st July, 2004		3,722	264	3,986
The net book value of land and buildings comprises:				
			2005	2004
			£'000	£'000
Freehold			1,028	1,055
Long leasehold			569	653
Short leasehold			258	284
			1,855	1,992

Included within the cost of fixtures, fittings and equipment are assets let under operating leases to customers of £18,973,000 (2004 — £8,620,000). The accumulated depreciation thereon is £2,908,000 (2004 — £725,000).

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13. Deposits by banks	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Repayable:				
On demand or at short notice	3,081	43,500	1,022	43,000
Within three months	69,020	35,188	68,610	34,259
Between three months and one year	35,000	500	35,000	500
Between one and two years	1,000	—	1,000	—
	<u>108,101</u>	<u>79,188</u>	<u>105,632</u>	<u>77,759</u>

14. Customer accounts	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Repayable:				
On demand or at short notice	464,241	400,204	270,600	241,324
Within three months	1,206,012	1,176,032	761,329	779,475
Between three months and one year	128,656	99,279	121,823	92,292
Between one and two years	19,278	5,637	18,483	4,898
	<u>1,818,187</u>	<u>1,681,152</u>	<u>1,172,235</u>	<u>1,117,989</u>

15. Bank loans and overdrafts	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Repayable:				
On demand or at short notice	12,882	22,971	1,343	837
Within three months	5,000	—	5,000	—
Between three months and one year	112,774	163,771	112,774	163,771
Between one and two years	80,151	140,000	80,151	140,000
Between two and five years	282,000	294,000	282,000	294,000
	<u>492,807</u>	<u>620,742</u>	<u>481,268</u>	<u>598,608</u>

16. Debt securities — loan notes issued

	2005	2004
Group	£'000	£'000
Repayable:		
Between three months and one year	—	100,000
Between two and five years	350,000	—
After more than five years	17,130	—
	<u>367,130</u>	<u>100,000</u>

£367,130,000 of floating rate notes, which are euro denominated, were issued during the year. £350,000,000 of loan notes are repayable on 10th December, 2007 and £17,130,000 on 20th April, 2015. £100,000,000 of loan notes were repaid on 28th December, 2004.



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17. Amounts due to group undertakings	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts due to ultimate parent undertaking	91,808	86,410	91,808	86,410
Amounts due to fellow subsidiary undertakings	48,645	50,487	573,440	312,180
	<u>140,453</u>	<u>136,897</u>	<u>665,248</u>	<u>398,590</u>

18. Other liabilities	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Current corporation taxation	10,103	11,291	6,178	6,503
Other liabilities	48,426	48,190	9,781	10,856
	<u>58,529</u>	<u>59,481</u>	<u>15,959</u>	<u>17,359</u>

19. Deferred taxation

	2005	2004
	£'000	£'000
Group		
Capital allowances	9,369	5,895
Short term and other timing differences	1,896	948
Total deferred taxation asset	<u>11,265</u>	<u>6,843</u>
		£'000
Movement in the year:		
Deferred taxation asset at 1st August, 2004		6,843
Credited to the profit and loss account		2,149
Acquisition of subsidiary		2,273
Deferred taxation asset at 31st July, 2005		<u>11,265</u>

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20. Subordinated loan capital

Final maturity date	Prepayment date at issuer's option	Initial rate (%)	2005 £'000	2004 £'000
2010	2005	10.07	—	21,937
2020	2015	7.39	30,000	30,000
2026	2021	7.42	15,000	15,000
2026	2021	7.62	30,000	30,000
			<u>75,000</u>	<u>96,937</u>

The subordinated loan capital 2020 and 2026 is denominated in sterling. If the company opts not to prepay at the prepayment date, the interest rate is reset to a margin over the yield on 5 year UK Treasury securities.

There are no circumstances in which early repayment can be demanded of any issue other than upon the passing of a winding-up order in respect of the company, in which case the loan capital is subordinated to the claims of all unsubordinated creditors, including depositors. The subordinated loan capital is guaranteed by Close Brothers Group plc.

	2005 £'000	2004 £'000
21. Share capital		
Authorised ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid	<u>82,480</u>	<u>82,480</u>

22. Reserves	Group £'000	Company £'000
Profit and loss account:		
At 1st August, 2004	165,919	64,016
Retained profit for the year	26,547	11,278
Exchange adjustment	78	—
At 31st July, 2005	<u>192,544</u>	<u>75,294</u>

The cumulative goodwill written off directly to reserves since the formation of the group is £11,275,000 (2004 — £11,275,000).

Reconciliation of movements in shareholders funds	2005 £'000	2004 £'000
Profit for the year	42,547	38,986
Dividends	(16,000)	(17,750)
Retained profit for the year	26,547	21,236
Exchange adjustment	78	(222)
Net addition to shareholders funds	26,625	21,014
Opening shareholders funds	248,399	227,385
Closing shareholders funds	<u>275,024</u>	<u>248,399</u>



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23. Contingent liabilities

Memorandum items

The company has contingent liabilities in respect of guarantees arising in the normal course of business amounting to £8,980,000 (2004 — £120,000). The group has contingent liabilities in respect of guarantees arising in the normal course of business amounting to £9,752,000 (2004 — £4,925,000).

Other contingent liabilities

The company has given guarantees on behalf of subsidiary undertakings in respect of amounts drawn under bank facilities and amounts due in respect of property leases of £7,457,000 (2004 — £19,858,000) and £411,000 (2004 — £449,000) respectively. The company has also given a guarantee of £525,000,000 in respect of floating rate notes issued by its subsidiary Close Brothers Finance plc.

24. Commitments

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Memorandum items				
Undrawn facilities, credit lines and other commitments to lend				
— Within one year	224,253	189,419	78,818	67,484
— After more than one year	—	45	—	45
	<u>224,253</u>	<u>189,464</u>	<u>78,818</u>	<u>67,529</u>

Other commitments

The company is committed to purchase minority interests in its subsidiary undertakings at agreed fair valuation.

The group had contracted capital commitments of £26,000 (2004 — £105,000) of which the company had £nil (2004 — £nil).

Annual commitments under non-cancellable operating leases, at 31st July, 2005 were as follows:

	Premises		Other	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	298	25	3	—
Between two and five years	990	—	521	—
After more than five years	2,072	630	—	—
	<u>3,360</u>	<u>655</u>	<u>524</u>	<u>—</u>

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25. Interest rate exposure

The group's interest rate exposure is summarised below in the form of an interest rate repricing table. The table reflects the repricing profile of the group's assets, liabilities and net interest rate derivative contracts as at the year end. The table shows the sensitivity of the group's net assets to interest rate movements. The cumulative gap of interest bearing net assets of £307,176,000 (2004 — £292,550,000) broadly equates to the group's capital and reserves, which are necessarily subject to interest rate fluctuations and as a matter of policy are not hedged. The table therefore demonstrates the group's policy of broadly hedging its interest rate exposure.

At 31st July, 2005

	Within three months	Between three and six months	Between six months and one year	Between one and five years	After more than five years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Cash and balances at central banks	—	—	—	—	—	1,198	1,198
Loans and advances to banks	736,961	1,753	357	—	—	—	739,071
Loans and advances to customers	490,193	211,460	289,718	748,065	13,595	—	1,753,031
Debt securities	657,138	68,058	62,378	—	—	—	787,574
Other assets	13,965	—	—	—	—	99,611	113,576
	<u>1,898,257</u>	<u>281,271</u>	<u>352,453</u>	<u>748,065</u>	<u>13,595</u>	<u>100,809</u>	<u>3,394,450</u>
Liabilities							
Deposits by banks	102,101	3,000	2,000	1,000	—	—	108,101
Customer accounts	1,684,085	57,479	73,104	2,233	—	1,286	1,818,187
Bank loans and overdrafts	488,213	4,594	—	—	—	—	492,807
Debt securities — loan notes issued	367,130	—	—	—	—	—	367,130
Amounts due to group undertakings	123,983	—	—	—	—	16,470	140,453
Other liabilities	2,543	—	—	—	—	112,970	115,513
Subordinated loan, capital, minority interests, and shareholders funds	—	—	—	—	75,000	277,259	352,259
	<u>2,768,055</u>	<u>65,073</u>	<u>75,104</u>	<u>3,233</u>	<u>75,000</u>	<u>407,985</u>	<u>3,394,450</u>
Net (liabilities)/assets	<u>(869,798)</u>	<u>216,198</u>	<u>277,349</u>	<u>744,832</u>	<u>(61,405)</u>	<u>(307,176)</u>	<u>—</u>
Net interest rate derivative contracts							
Floating rate	537,091	79,750	106,000	—	—	—	722,841
Fixed rate	101,896	(137,750)	(222,805)	(464,182)	—	—	(722,841)
	<u>638,987</u>	<u>(58,000)</u>	<u>(116,805)</u>	<u>(464,182)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Interest rate sensitivity gap	<u>(230,811)</u>	<u>158,198</u>	<u>160,544</u>	<u>280,650</u>	<u>(61,405)</u>	<u>—</u>	<u>—</u>
Cumulative gap	<u>(230,811)</u>	<u>(72,613)</u>	<u>87,931</u>	<u>368,581</u>	<u>307,176</u>	<u>—</u>	<u>—</u>



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25. Interest rate exposure *continued*

At 31st July, 2004

	Within three months	Between three and six months	Between six months and one year	Between one and five years	After more than five years	Non- interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Cash and balances at central banks	—	—	—	—	—	844	844
Loans and advances to banks	695,607	7,133	466	739	—	—	703,945
Loans and advances to customers	492,321	157,976	182,356	654,478	19,943	—	1,507,074
Debt securities	664,070	59,964	39,475	14,000	—	—	777,509
Other assets	—	—	—	—	—	84,785	84,785
	<u>1,851,998</u>	<u>225,073</u>	<u>222,297</u>	<u>669,217</u>	<u>19,943</u>	<u>85,629</u>	<u>3,074,157</u>
Liabilities							
Deposits by banks	78,688	500	—	—	—	—	79,188
Customer accounts	1,575,466	55,704	40,598	5,637	—	3,747	1,681,152
Bank loans and overdrafts	471,983	148,759	—	—	—	—	620,742
Debt securities — loan notes issued	100,000	—	—	—	—	—	100,000
Amounts due to group undertakings	118,692	—	—	—	—	18,205	136,897
Other liabilities	3,014	—	—	—	—	105,916	108,930
Subordinated loan capital, minority interests and shareholders funds	—	—	21,937	—	75,000	250,311	347,248
	<u>2,347,843</u>	<u>204,963</u>	<u>62,535</u>	<u>5,637</u>	<u>75,000</u>	<u>378,179</u>	<u>3,074,157</u>
Net (liabilities)/assets	<u>(495,845)</u>	<u>20,110</u>	<u>159,762</u>	<u>663,580</u>	<u>(55,057)</u>	<u>(292,550)</u>	<u>—</u>
Net interest rate derivative contracts							
Floating rate	616,360	138,750	47,500	—	—	—	802,610
Fixed rate	(157,500)	(130,000)	(332,505)	(182,605)	—	—	(802,610)
	<u>458,860</u>	<u>8,750</u>	<u>(285,005)</u>	<u>(182,605)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Interest rate sensitivity gap	<u>(36,985)</u>	<u>28,860</u>	<u>(125,243)</u>	<u>480,975</u>	<u>(55,057)</u>	<u>—</u>	<u>—</u>
Cumulative gap	<u>(36,985)</u>	<u>(8,125)</u>	<u>(133,368)</u>	<u>347,607</u>	<u>292,550</u>	<u>—</u>	<u>—</u>

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26. Interest rate and exchange rate contracts	2005	2004
	£'000	£'000
Interest rate contracts:		
Nominal amount	1,492,367	816,790
Credit risk weighted amount	<u>3,601</u>	<u>863</u>
Exchange rate contracts:		
Nominal amount	369,240	7,121
Credit risk weighted amount	<u>18,912</u>	<u>26</u>

Interest rate and exchange rate contracts are entered into with a number of financial institutions and only for hedging purposes. The credit risk weighted amounts have been prepared in accordance with guidelines laid down by the Financial Services Authority and are intended to give an indication of credit risk. Nominal amounts of interest rate contracts totalling £439,818,000 (2004 — £192,395,000) and exchange rate contracts totalling £367,130,000 (2004 — £nil) have a residual maturity of more than one year. The remaining interest rate and exchange rate contracts have a residual maturity of less than one year.

27. Assets and liabilities in foreign currencies

The aggregate amounts of assets and liabilities held in foreign currencies, mainly U.S. dollars and euros were as follows:

	2005	2004
	£'000	£'000
Assets	<u>412,995</u>	<u>332,219</u>
Liabilities	<u>414,970</u>	<u>334,111</u>

The group's exposure to foreign exchange risk is considered by the directors to be minimal.



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28. Fair values of financial instruments and unrecognised gains and losses on hedges

The tables below highlight the unrecognised gains and losses, attributable to the group's derivative financial instruments and financial assets and liabilities, for which liquid and active markets exist. Debt securities are purchased for either liquidity or investment purposes as shown in note 10. Derivative financial instruments are only purchased for hedging purposes. The fair values of the financial instruments have been obtained from independent, open market sources or using discounted cash flow techniques based on prevailing market rates.

	2005		2004	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Primary financial assets:				
Debt securities	<u>787,574</u>	<u>787,606</u>	<u>777,509</u>	<u>777,904</u>
Primary financial liabilities:				
Floating rate notes	<u>367,130</u>	<u>362,842</u>	<u>100,000</u>	<u>100,150</u>

The directors deem that the fair value of the group's other financial assets and liabilities materially equate to their book value.

In order to minimise the impact of interest rate and currency rate changes to the group's financial assets and liabilities, derivative financial instruments are purchased to hedge exposures. The tables below summarise the unrecognised gains and losses on these derivative financial instruments:

	2005		2004	
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
Derivative financial instruments held to manage interest rate and currency exposure:				
Interest rate swaps	—	(1,618)	—	1,734
Forward foreign currency contracts	—	16	—	26
Currency swaps	—	(6,535)	—	—
	<u>—</u>	<u>(8,137)</u>	<u>—</u>	<u>1,760</u>
		Gains	Losses	Net gains/ (losses)
		£'000	£'000	£'000
Unrecognised gains and losses on hedges:				
At 1st August, 2004		3,114	1,354	1,760
Arising in previous years that were recognised in the current year		<u>2,671</u>	<u>1,338</u>	<u>1,333</u>
Arising in previous years that were not recognised in the current year		443	16	427
Arising in the current year that have not been recognised		<u>2,192</u>	<u>10,756</u>	<u>(8,564)</u>
At 31st July, 2005		<u>2,635</u>	<u>10,772</u>	<u>(8,137)</u>
Of which:				
Expected to be recognised next year		296	6,076	(5,780)
Expected to be recognised later than next year		2,339	4,696	(2,357)

29. Pensions

The company and its subsidiaries make payments to defined contribution pension schemes and to a defined benefits pension scheme for eligible employees. Assets of all schemes are held separately from those of the company and the group. The group pension charge for the year for the defined contribution pension schemes and defined benefits pension schemes was £2,413,000 (2004 — £2,300,000).

The defined benefits pension scheme is described in the financial statements of the ultimate parent undertaking. The scheme was closed to new entrants in August 1996. Under Financial Reporting Standard No. 17, contributions to this scheme by the company and its subsidiaries would be accounted for as if the scheme were a defined contribution pension scheme since assets and liabilities of the scheme cannot be attributed to each participating employer on a consistent and reasonable basis. Consequently, any surplus or deficit in this scheme would not be regarded as an asset or liability of the company or its subsidiaries, but of the ultimate parent undertaking. The agreed company contribution rate was 25 per cent. per annum of pensionable salaries together with an additional 7.5 per cent. to contribute towards the underlying deficit at the date of the most recent actuarial valuation, which was at 31st July, 2003, and special contributions as necessary.

30. Related party transactions

Transactions with directors

Certain directors of the company maintained deposit accounts with the company during the course of the year on normal commercial terms.

Transactions with group undertakings

The company has taken advantage of one of the exemptions conferred by Financial Reporting Standard No. 8 ("Related Party Transactions"), whereby certain details regarding transactions with group undertakings do not have to be disclosed where group financial statements are made publicly available.

31. Ultimate parent undertaking

Close Brothers Group plc, which is a listed company registered in England and Wales, is the company's ultimate parent undertaking. The consolidated financial statements of Close Brothers Group plc are available at 10 Crown Place, London EC2A 4FT.
