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CLOSE BROTHERS FINANCE PLC

REPORT AND ACCOUNTS

for the period ended 31st July, 2002



CLOSE BROTHERS FINANCE plc

Registered Office: 10 Crown Place, London EC2A 4FT

Registered Number: 4322721

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the period ended 31st July, 2002.

ACTIVITIES AND REVIEW OF BUSINESS

The company was incorporated on 14 November, 2001 and is a finance company. The directors do not foresee any change in activities.

During the period the company issued floating rate notes with a value of £100,000,000.

RESULTS AND DIVIDENDS

The financial statements show neither a profit nor loss for the year. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period were:

S.R. Hodges	(appointed 22 November, 2001)
M.I. Dack	(appointed 22 November, 2001)
R.D. Sellers	(appointed 22 November, 2001)
R.H. Norman	(appointed 22 November, 2001)
Hackwood Secretaries Limited	(appointed 14 November, 2001; resigned 22 November, 2001)
Hackwood Directors Limited	(appointed 14 November, 2001; resigned 22 November, 2001)

None of the directors has had any interests in the shares of the company at any time. Mr. S.R. Hodges is a director of Close Brothers Group plc, the ultimate parent undertaking, and accordingly his interests are disclosed within the financial statements of that company.

Mr. M.I. Dack, Mr. R.H. Norman and Mr. R.D. Sellers are directors of Close Brothers Limited, the immediate parent undertaking and an immediate subsidiary undertaking of Close Brothers Group plc, and accordingly their interests are disclosed within the financial statements of that company.

SECRETARY

Hackwood Secretaries Limited was appointed as secretary on 14 November, 2001 and resigned on 22 November, 2001, when Mr S.D. Watson was appointed as secretary.

CLOSE BROTHERS FINANCE plc**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on a 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.

AUDITORS

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

Approved by the Board of Directors
And signed on behalf of the Board



S.D Watson
Secretary

23rd September, 2002

CLOSE BROTHERS FINANCE plc**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOSE BROTHERS FINANCE PLC**

We have audited the company's financial statements for the year ended 31 July, 2002 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 7. These financial statements have been prepared on the basis of the accounting policies set out therein.

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, United Kingdom Auditing Standards, and the Listing Rules of the Financial Services Authority.

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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed. Other information contained in the annual report and consider whether it is consistent with the audited financial statements.

We read and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

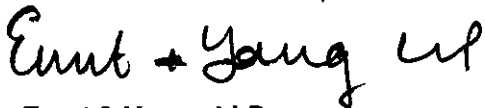
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor
London

23rd September, 2002

CLOSE BROTHERS FINANCE plc**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST JULY, 2002**

	<u>Note</u>	<u>2002</u>
		£
Interest receivable and similar income		2,657,389
Interest payable		<u>(2,657,389)</u>
Operating profit on ordinary activities before taxation		-
Taxation		-
Profit on ordinary activities after taxation		<u>-</u>

RECOGNISED GAINS AND LOSSES AND SHAREHOLDERS' FUNDS

There are no other recognised gains or losses, nor movements in shareholders' funds. Accordingly neither a statement of total recognised gains and losses nor a reconciliation of movements in shareholders' funds is given.

CLOSE BROTHERS FINANCE plc

BALANCE SHEET - AS AT 31ST JULY, 2002

	<u>Note</u>	<u>2002</u>
		£
CURRENT ASSETS		
Amounts owed by immediate parent undertaking		<u>100,312,713</u>
		100,312,713
Creditors amounts falling due within one year:		
Accruals		<u>414,200</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,898,513
Creditors - amounts falling due after more than one year:		
Debt securities – floating rate notes	3	<u>99,886,011</u>
		<u>12,502</u>
CAPITAL AND RESERVES	4	
Called up share capital		<u>12,502</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS		<u>12,502</u>

These financial statements were approved by the Board of Directors on 23rd September, 2002.

Signed on behalf of the Board of Directors

S.R. Hodges




R.D. Sellers

Directors

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31ST JULY, 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

2. ADMINISTRATIVE EXPENSES

The audit fee will be borne by the immediate parent undertaking. The directors are remunerated by parent undertakings. The company has no employees.

3. FLOATING RATE NOTES

Floating rate notes of £100,000,000 were issued on the 28th December, 2001 for £99,858,000. The discount is being charged to the profit and loss account over the life of the notes. The notes are sterling denominated, issued at a floating rate of 0.30 per cent. per annum above the London inter-bank offered rate for sterling deposits for each interest period, and their book value is similar to their fair value. They mature on 28th December, 2004.

All financial assets and liabilities of the company re-fix within 3 months and therefore the interest rate risk is considered to be minimal.

The proceeds of the issue have been on lent to Close Brothers Limited and the notes are fully guaranteed by Close Brothers Limited.

4. CALLED UP SHARE CAPITAL

	<u>2002</u>
	£
Authorised and issued:	
50,000 ordinary shares of £1 each	<u>50,000</u>
Of which:	
Fully paid	2
Part paid	<u>12,500</u>
	<u>12,502</u>

All shares were allotted during the year.

5. ULTIMATE 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 companies may be obtained from 10 Crown Place, London EC2A 4FT.

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31ST JULY, 2002 (continued)****6. RELATED PARTY TRANSACTIONS**

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 companies do not have to be disclosed where group financial statements are made publicly available.

7. CASHFLOW STATEMENT

The company has taken advantage of the exemption within Financial Reporting Standard No. 1 (Revised 1996) for 90% or more owned subsidiaries. Accordingly, it has not presented a cashflow statement.