

A38 ***AGGFOPU2*** **D413**
COMPANIES HOUSE **07/11/03**

CLOSE BROTHERS FINANCE plc

Directors: S.R. Hodges
M.I. Dack
R.D. Sellers
R.H. Norman

Secretary: S.D. Watson

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 year ended 31st July, 2003.

ACTIVITIES AND REVIEW OF BUSINESS

The company is a finance company. The directors do not foresee any change in activities.

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 had no beneficial interest in the capital of the company at any time during the year.

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.

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

25th September, 2003

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 2003 which comprise Profit and Loss Account, Company Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 7. 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 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 2003 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
25TH September 2003

CLOSE BROTHERS FINANCE plc**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST JULY, 2003**

	<u>Note</u>	<u>2003</u>	<u>7 months</u> <u>ending 2002</u>
		£	£
Interest receivable and similar income		4,242,472	2,657,389
Interest payable		(4,242,472)	(2,657,389)
Operating profit on ordinary activities before taxation		-	-
Taxation		-	-
Profit on ordinary activities after taxation		-	-

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, 2003

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
CURRENT ASSETS			
Amounts owed by immediate parent undertaking		<u>100,291,380</u>	<u>100,312,713</u>
		100,291,380	100,312,713
Creditors amounts falling due within one year:			
Accruals		<u>345,534</u>	<u>414,200</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,945,846	99,898,513
Creditors - amounts falling due after more than one year:			
Debt securities – floating rate notes	3	<u>99,933,344</u>	<u>99,886,011</u>
		<u>12,502</u>	<u>12,502</u>
CAPITAL AND RESERVES			
	4		
Called up share capital		<u>12,502</u>	<u>12,502</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS		<u>12,502</u>	<u>12,502</u>

These financial statements were approved by the Board of Directors on 25th September, 2003.

Signed on behalf of the Board of Directors

S.R. Hodges

R.H. Norman

Directors

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED 31ST JULY, 2003****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>2003</u> £	<u>2002</u> £
Authorised and issued: 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Of which:		
Fully paid	2	2
Part paid	<u>12,500</u>	<u>12,500</u>
	<u>12,502</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, 2003 (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.