

CLOSE BROTHERS FINANCE plc

REPORT AND ACCOUNTS

for the year ended 31 July 2011

REGISTERED NUMBER 4322721

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CLOSE BROTHERS FINANCE plc**DIRECTORS AND PROFESSIONAL ADVISORS**

Directors	S R Hodges M P Hook
Secretary	E A Lee
Registered Office	10 Crown Place, London EC2A 4FT
Registered Number	4322721
Auditors	Deloitte LLP London

CLOSE BROTHERS FINANCE plc

REPORT OF THE DIRECTORS

The Company is a wholly owned subsidiary of Close Brothers Limited ("CBL"), which is itself a wholly owned subsidiary of Close Brothers Group plc ("CBG"), the ultimate parent undertaking. The Company operates as part of the CBL group which provides a range of banking services.

Business review and principal activities

The Company is a finance company. There have not been any significant changes in the Company's principal activities during the year. Although the Company brought back the floating rate note it issued in 2005, it continues to operate as a funding vehicle for the CBL group. The directors are not aware of any likely major changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 6, interest income has decreased by 30% over prior year, similarly interest expense has decreased 30% over the same period. This was largely due to the debt security being brought back in February 2011. There was neither a profit nor a loss for the year.

No dividend has been proposed by the directors for the current year (2010 Nil).

CBL manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position. The performance of CBL, the parent company, is presented in its Annual Report which also includes the results of this company. The Company exists as a funding vehicle for the group and does not generate profit and loss on its own account. Therefore key performance indicators for this company are not necessary.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

Financial risk management objectives and policies

The Company had third party debt which it has lent to CBL and which was fully guaranteed by CBL. This third party debt was brought back by the Company during the year and no further debt was issued. Risks and uncertainties are further disclosed in note 9 to the financial statements.

Environment

Because the Company has no physical activities, its impact on the environment is negligible.

Employees

The Company has no employees.

Directors

The directors, who served throughout the year were as follows:

Mr S R Hodges
Mr M P Hook

Creditors payment policy

It is the Company's policy to settle all debts with its suppliers of goods and services on a timely basis, taking account of the credit period given by each supplier. At 31 July 2011 there were no unpaid suppliers of goods and services (2010 Nil).

CLOSE BROTHERS FINANCE plc**REPORT OF THE DIRECTORS (Continued)****Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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



S R Hodges
Director

29 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLOSE BROTHERS FINANCE PLC

We have audited the financial statements of Close Brothers Finance Plc for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

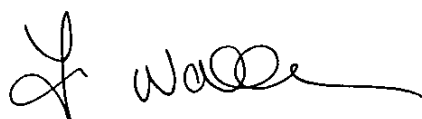
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLOSE BROTHERS FINANCE PLC
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Fiona Walker (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

22 September 2011

CLOSE BROTHERS FINANCE plc**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2011**

		2011 £	2010 £
Interest receivable from group undertakings	1	149,672	214,695
Interest payable on floating rate note	1	(149,672)	(214,695)
 (Loss) on retranslation of financial assets	 4	 -	 (579,914)
Gain on retranslation of financial liabilities	4	-	579,914
 Profit on ordinary activities before and after taxation		 -	 -

The results above arose wholly from continuing operations

There are no other recognised gains or losses during the year Accordingly a statement of total recognised gains and losses is not provided

CLOSE BROTHERS FINANCE plc
REGISTERED NUMBER: 4322721

BALANCE SHEET AS AT 31 JULY 2011

	Note	2011 £	2010 £
NON CURRENT ASSETS			
Debtors - amounts falling due after more than one year	3	-	20,800,399
CURRENT ASSETS			
Debtors and other assets - amounts falling due within one year	3	12,502	19,563
CURRENT LIABILITIES - amounts falling due within one year			
Other liabilities		-	(7,061)
NET CURRENT ASSETS		<u>12,502</u>	<u>12,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,502</u>	<u>20,812,901</u>
NON-CURRENT LIABILITIES - amounts falling due after more than one year			
Debt securities in issue	4	-	(20,800,399)
NET ASSETS		<u>12,502</u>	<u>12,502</u>
SHAREHOLDERS' EQUITY			
Called-up share capital	5	12,502	12,502
TOTAL EQUITY SHAREHOLDER'S FUNDS	6	<u>12,502</u>	<u>12,502</u>

These financial statements were approved and authorised for issue by the Board of Directors on ~~xx~~ 28 September 2011

Signed on behalf of the Board of Directors



S R Hodges
Director

CLOSE BROTHERS FINANCE plc

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2011

1 ACCOUNTING POLICIES

Accounting convention

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

The exemption from disclosure under FRS29 has been taken due to these disclosures being made at a group level

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in sterling Foreign currency borrowings and loans 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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2 The Company's financial risk management objectives and its exposure to credit risk and liquidity risk have been set out in note 9

As highlighted in note 4 the liabilities of this company were made up of a loan note which matured on 20 April 2015 On 25th February 2011, the floating rate loan was redeemed early at par The company currently has no liabilities in issue However it is expected that the Company will continue to be in operational existence and will be used as a funding vehicle for the group in the future

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Interest receivable

Interest receivable and payable is recognised in the profit and loss account using the effective interest rate method This method applies a rate that discounts estimated future cash payments or receipts to the net carrying amount of the financial instrument When calculating the effective interest rate, the cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses

Segmental analysis

All income, profits and net assets relate to financing activities located in the United Kingdom All the activities of the Company are classified as continuing

Capital instruments

Shares are included in shareholders' funds Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2011****1 ACCOUNTING POLICIES (continued)**Interest payable on floating rate note

Issued financial instruments or their components are classified as other financial liabilities, where the substance of the contractual arrangement results in the company having an obligation either to deliver cash or another financial asset to the holder

After initial measurement, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method

2 ADMINISTRATIVE EXPENSES

The audit fee of £5,000 (2010 £5,000) and other administrative expenses in this and the prior year were borne by Close Brothers Limited which is the immediate parent undertaking. None of the directors who served during the year received any emoluments for services to the Company (2010 £nil). The Company has no employees (2010 nil).

3 DEBTORS

All debtor balances comprise of amounts due from group undertakings

Debtors falling due within one year comprise other receivables. The balance has fallen significantly as the balance due from group undertakings was repaid when the floating rate note was redeemed early. As a result no gain or loss has been recorded on the retranslation of the financial asset.

Debtors falling due after more than one year comprises loan receivables

4 DEBT SECURITIES IN ISSUE

Floating rate notes of €25,000,000 were issued on 20 April 2005 for €25,000,000, listed on the London Stock Exchange. The notes are Euro denominated and are issued at a floating rate of 0.25 per cent per annum above EURIBOR for each interest period. On 25th February 2011 the floating rate notes were redeemed early at par by the company. No gain or loss was recorded on the transaction.

The book value of the debt securities at 31 July 2011 was £nil (2010 £20,800,399). As a result there is no gain or loss recorded on the retranslation of the financial liability. The fair value of the notes at 31 July 2011 was £nil (2010 £19,329,294). The fair values of the financial assets and liabilities have been obtained from independent, open market sources or using discounted cash flow techniques based upon prevailing market rates. The directors deem that the fair value of the Company's other financial assets and liabilities materially equates to book value.

The notes are unconditionally and irrevocably guaranteed by Close Brothers Limited

5 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Authorised, issued and allotted 50,000 (2010 50,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Of which		
Fully paid	2	2
Partly paid 49,998 (2010 49,998) shares paid of 25p each	<u>12,500</u>	<u>12,500</u>
	<u>12,502</u>	<u>12,502</u>

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2011 (continued)****6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

There is no movement in shareholders' funds during the current and the prior year

7 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 containing the results of this company are made publicly available. There are no other related party transactions requiring disclosure.

8 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 as group financial statements containing the results of this company are made publicly available.

9 FINANCIAL INSTRUMENTSCapital risk management

The Company manages its capital to ensure that it will be able to continue as going concern. The capital structure of the Company consists of equity attributable to equity holders as disclosed in note 5.

The Company is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

	2011 £	2010 £
Financial Assets		
Debtors and other assets	12,502	20,819,962
Financial Liabilities		
Other financial liabilities at amortised cost	-	20,807,460

Financial risk management objectives

The Company is a member of Close Brothers Group plc. As such, the Company benefits from services provided by specialist teams, risk management procedures and controls as described in the Close Brothers Group accounts, which are then applied consistently across the Group.

The Company is exposed to financial risks through its financial assets and financial liabilities. The most important components of financial risk are market risk, credit risk and liquidity risk.

CLOSE BROTHERS FINANCE plc**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2011 (continued)****9 FINANCIAL INSTRUMENTS (continued)**Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. The Company is a funding vehicle, whereby the funds raised from loan notes issued to third parties are transferred to the parent Company on the same economic terms as that of the loan note. Due to this the interest rate and foreign currency exchange rate risks for the Company are negligible.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As the counterparty is a group company, credit risk is minimal.

No amounts are past due but not impaired.

Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch. The Company is not exposed to this risk as the loan note was brought back in the year.

10 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 and controlling party, 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.