

BARCLAYS LEASING COMPANY LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003**

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BARCLAYS LEASING COMPANY LIMITED**ANNUAL REPORT**

The directors present the fifth annual report and the audited financial statements of the Company for the year ended 31 December 2003.

ACTIVITY

The main activity of the Company is to provide asset finance through finance leases and operating leases.

DIRECTORS

The list of directors of the Company who held office during the year is set out on page 9.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. 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 International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements.

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 2001. 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.

DIRECTORS' REMUNERATION

During the year ended 31 December 2003, the managing director, Geerish Santokhee, received **Rs 1,117,918** (2002 – Nil) as remuneration from the Company. The other directors received no remuneration (2002 – Nil).

DIRECTORS' INTERESTS

The directors do not hold any interests in the ordinary share capital of the Company.

CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the Company is a party and in which a director is or was materially interested, either directly or indirectly.

UNEXPIRED SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual meeting has an unexpired service contract.

DONATIONS

The Company made no donations during the year ended 31 December 2003 (2002 – Nil).

BARCLAYS LEASING COMPANY LIMITED**ANNUAL REPORT (CONTINUED)****MAJOR SHAREHOLDERS**

Barclays Bank PLC, registered in London, England, Reg No. 1026167, Registered office 54 Lombard Street, London EC3P 3AH holds 100% of the ordinary share capital of the Company. Investment is held in the books of Barclays Bank PLC – Mauritius Domestic Branch.

PLAN FOR 2004

After having completed its restructuring, the Company intends to offer its products more aggressively to corporate clients of the Barclays Bank PLC – Mauritius Domestic Branch and to develop a retail base clientele in parallel.

AUDITORS

The fees paid to the auditors, PricewaterhouseCoopers, for audit and other services were:

	2003 Rs	2002 Rs
Audit services	414,500	78,130
Other services	-	19,320
	<u>414,500</u>	<u>97,450</u>

PricewaterhouseCoopers have indicated their willingness to continue in office and will be automatically re-appointed at the Annual Meeting.

Approved by the Board of directors on 27 April 2004

and signed on its behalf by:

J DE NAVACELLE
CHAIRMAN

W MOOTOOSAMY
FINANCE DIRECTOR

G SANTOKHEE
MANAGING DIRECTOR

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****1 FINANCIAL REVIEW****1.1 PERFORMANCE AGAINST OBJECTIVES**

AREAS OF PERFORMANCE	Budget 2003	Actual 2003	Budget 2004
REVENUE GROWTH RATIOS	%	%	%
Net interest income	19.59	37.45	60.84
Non-interest income	4.95	57.82	12.73
Total income growth	17.93	39.77	51.38
Net interest margin	3.91	4.82	5.17
Other income/Total income	10.13	12.86	7.41
EXPENSE GROWTH RATIO			
Operating expense growth	(28.83)	(1.26)	(0.45)
PRODUCTIVITY RATIO			
Non-interest expense/(Net interest income + other income)	47.30	55.37	36.41
OVERALL PERFORMANCE RATIO			
Return on equity	11.36	10.31	22.98
Return on average assets	1.26	1.15	2.05
CREDIT PERFORMANCE/QUALITY RATIOS			
Specific provision for credit losses/Average Leases	0.64	2.79	1.20
Net impaired leases/Average leases	8.07	2.71	4.20

Financial year 2003 was the first year of Barclays management for Barclays Leasing Company Limited. In the previous year, this unit reported a loss and therefore the main challenge of the new management team was to enhance its contribution to the Group by developing the business rapidly and introducing new products. The Budget 2003 therefore translated these expectations and provided for a more than organic growth. The Capital Base needed to be re-inforced to support future expansion and the issued capital was increased in March 2003 by Rs 10 million. In June 2003, debentures amounting Rs 155 million were redeemed at an early date and replaced by customers' deposit at a lower interest rate.

The year-end 2003 results were well above Budget expectation, despite that, growth in the leasing book was 11.8 %.

Net interest income grew by 37.4 % and non-interest income grew by 57.8 % compared to negative growth of 4.5 % and 7.9 % respectively in year 2002.

Operating expenses dropped by 19.1 %.

However, there was an inordinate increase in provisioning as it was imperative for a credit re-assessment of the lending portfolio in alignment with Barclays norms. Hence, the Company has been able to produce a profit after tax of Rs 4 million.

The Budget 2004 reflects the business appetite to increase its momentum of expansion. Further capital injection is planned to support the business growth.

Costs are expected to be maintained at year 2003 level.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****1 FINANCIAL REVIEW (Continued)****1.2 REVIEW BY FINANCIAL PRIORITY AREAS****1.2.1 REVENUE GROWTH**

	2003 %	2002 %	2001 %
REVENUE GROWTH			
Net interest margin (Net interest income/Total average interest earnings assets)	4.82	3.87	4.37
Net interest income/Total average assets	4.51	3.76	4.59

The redemption of debentures in June 2003 and their replacement by new customer deposits contributed to improved interest margin. This was further enhanced by a 11.8% growth in lending portfolio, which also generated ancillary income.

	Interest income 2003 Rs	Related assets 2003 Rs	Interest income 2002 Rs	Related assets 2002 Rs
Leases	41,640,020	304,787,049	39,609,957	270,282,893
Held-to-maturity securities	1,850,981	19,102,420	1,878,082	17,251,439
Available-for-sale securities	3,255,294	33,850,234	-	-
Placements and loans to banks	3,690	13,453,034	19,524	65,318
	46,749,985	371,192,737	41,507,563	287,599,650
	Interest expense 2003 Rs	Related liabilities 2003 Rs	Interest expense 2002 Rs	Related liabilities 2002 Rs
Deposits and debentures	30,999,027	343,924,547	26,817,966	251,198,764
Category 1 banks and interbank borrowings	207,693	-	3,381,308	12,623,379
	31,206,720	343,924,547	30,199,274	263,822,143

Despite ongoing restructuring of the lease portfolio, deposit base and interest income have grown. Deposit raising from clients has become the major way to fund the lending book.

	2003 Rs	2002 Rs	2001 Rs
Net interest income	15,543,265	11,308,289	11,829,399
Non-interest revenue			
Fee income and commissions	2,270,318	1,452,964	1,577,884
Gain on revaluation of available-for-sale investments	22,820	-	-
	2,293,138	1,452,964	1,577,884
Core revenue	17,836,403	12,761,253	13,407,283
Non-interest revenue/Total income	12.86	11.39	11.77

The redemption of debentures in 2003 and their replacement by new customer Deposits contributed to improve interest margin. This was further enhanced by a 11.8% growth in Lending portfolio, which also generated ancillary income. Revenue has kept growing over the last 3 years confirming the income generating potential of the Company.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****1 FINANCIAL REVIEW (Continued)****1.2 REVIEW BY FINANCIAL PRIORITY AREAS (Continued)****1.2.2 COST CONTROL**

	2003 Rs	2002 Rs	2001 Rs
Non-interest expense			
Staff costs	3,197,911	3,879,856	2,517,067
Depreciation	2,592,688	620,596	416,334
	5,790,599	4,500,452	2,933,401
Other expenses			
Administrative expenses	2,297,041	6,105,521	5,122,845
Equipment expenses	892,661	547,564	593,622
Property expenses	335,704	353,667	287,290
Operating lease rentals	513,132	705,467	922,600
	4,038,538	7,712,219	6,926,357
Net loss on sale of securities	46,995	-	-
Total other expenses	4,085,533	7,712,219	6,926,357
Total non-interest expense	9,876,132	12,212,671	9,859,758

PRODUCTIVITY RATIO

Non-interest expense/(Net interest income + non-interest income)	55.37%	95.70%	73.54%
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Productivity ratio improved considerably in 2003 following the cancellation of recharged costs, which were charged by BNPI previously. This led to a substantial reduction in administrative expenses. The restructuring program, put in place after acquisition, also helped to reduce staff costs. Staff costs increased significantly in 2002 as they included benefits paid to employees who have taken advantage of the Voluntary Early Leavers Scheme proposed at that time. On the other hand, operating leases contributed to the increase in depreciation costs in 2003.

1.2.3 CREDIT EXPOSURE

	2003 Rs'000	2002 Rs'000	2001 Rs'000
Lendings			
Agriculture and fishing	46,905	26,666	27,368
Manufacturing/textile	4,141	7,723	7,177
Tourism	14,970	23,756	29,742
Transport	16,370	19,325	11,970
Construction and civil engineering	28,432	35,694	40,550
Services and printing	36,418	33,383	35,463
Traders/commerce	74,315	76,575	81,784
Personal	74,451	41,582	49,543
	296,002	264,704	283,597

The Bank of Mauritius Guideline on concentration of risks is not applicable to the Company. However, management monitors this closely.

Currently, the lease portfolio is well spread with exposure in one sector not exceeding 25%. However, there has been an increase exposure in the agricultural sector – re-financing of equipment. Overall, the above is in line with Barclays Bank PLC policy on credit risk.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****1 FINANCIAL REVIEW (Continued)****1.2.4 CREDIT QUALITY**

	Performing leases (A) Rs' m	Non- performing leases (B) Rs' m	Provision for credit losses (C) Rs' m	% B / A	% C / B	% C / A
31 December 2003						
Lendings						
Agriculture and fishing	46,166	739	-	1.60	-	-
Manufacturing/textile	4,217	-	76	-	-	1.80
Tourism	13,165	1,805	-	13.71	-	-
Transport	12,229	4,618	477	37.77	10.33	3.90
Construction and civil engineering	21,847	11,315	4,730	51.79	41.80	21.65
Services and printing	35,058	3,199	1,839	9.13	57.49	5.25
Traders/commerce	72,723	2,853	1,261	3.92	44.20	1.73
Personal	71,845	3,008	402	4.19	13.36	0.56
Total	277,250	27,537	8,785			
31 December 2002						
Lendings						
Agriculture and fishing	26,666	-	-	-	-	-
Manufacturing/textile	7,723	-	-	-	-	-
Tourism	23,756	-	-	-	-	-
Transport	19,579	-	-	-	-	-
Construction and civil engineering	34,495	4,919	3,720	14.26	75.63	10.78
Services and printing	32,230	1,925	1,181	5.97	61.35	3.66
Traders/commerce	76,501	629	556	0.82	88.39	0.73
Personal	41,737	123	122	0.29	99.19	0.29
Total	262,687	7,596	5,579			
31 December 2001						
Lendings						
Agriculture and fishing	27,368	-	-	-	-	-
Manufacturing/textile	7,177	-	-	-	-	-
Tourism	29,742	-	-	-	-	-
Transport	11,970	-	-	-	-	-
Construction and civil engineering	34,550	10,618	4,618	30.73	43.49	13.37
Services and printing	36,097	-	634	-	-	1.76
Traders/commerce	82,072	-	288	-	-	0.35
Personal	49,543	144	144	0.29	100	0.29
Total	278,519	10,762	5,684			

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****1 FINANCIAL REVIEW (Continued)****1.2.4 CREDIT QUALITY (Continued)**

	Opening balance Rs'000	Provision for the year Rs'000	Leases written off Rs'000	Releases Rs'000	Closing balance Rs'000
31 December 2003					
<u>Specific Provision for Credit Losses</u>					
Agriculture and fishing	-	-	-	-	-
Manufacturing/textile	-	76	-	-	76
Tourism	-	-	-	-	-
Transport	-	477	-	-	477
Construction and civil engineering	3,720	1,199	-	(189)	4,730
Services and printing	634	1,291	-	(497)	1,428
Traders/commerce	288	692	-	-	980
Personal	122	280	-	-	402
Total	4,764	4,015	-	(686)	8,093
<u>Portfolio Provision for Credit Losses</u>					
Agriculture and fishing	-	-	-	-	-
Manufacturing/textile	-	-	-	-	-
Tourism	-	-	-	-	-
Transport	-	-	-	-	-
Construction and civil engineering	-	-	-	-	-
Services and printing	547	-	-	(136)	411
Traders/commerce	268	13	-	-	281
Personal	-	-	-	-	-
Total	815	13	-	(136)	692
31 December 2002					
Specific Provision for Credit Losses	4,762	639	-	(637)	4,764
Portfolio Provision for Credit Losses	922	-	-	(107)	815
Total	5,684	639	-	(704)	5,579
31 December 2001					
Specific Provision for Credit Losses	4,618	144	-	-	4,762
Portfolio Provision for Credit Losses	922	-	-	-	922
Total	5,540	144	-	-	5,684

Leasing facilities are now being sanctioned by the Retail & Corporate Credit Departments of Barclays Bank PLC – Mauritius Domestic Branch. Their lending portfolio is classified in terms of Clean, Early Warning List (“EWL”) and the bad book. The clean book is managed jointly by the Relationship and Corporate Credit Managers, whilst the EWL and bad book are managed by the Barclays Business Support (“BBS”) team and the Debt Recovery Unit (“DRU”), in accordance with the Barclays Africa Credit Policy. This comfortably covers the local Central Bank guidelines on credit classification for provisioning and income recognition purposes. Furthermore the segregation of duties is in line with Basel recommendations.

The Company uses the Bank’s system of categorising its lending book which is called the Barclays Business Grade (“BBG”). This ranges from 1 to 10, whereby the 1-5 are considered comfortable risks and of good quality. As an indication of the Bank lending book quality, 98% thereof is graded BBG 1-5 as at 31 December 2003.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****1 FINANCIAL REVIEW (Continued)****1.2.4 CREDIT QUALITY (Continued)**

Any exposures showing signs of pressure from a business or financial perspective with regards to specific credit risk criteria are systematically downgraded.

The EWL and DRU books are reviewed on a monthly basis against set EWL and DRU strategies to assess progress. This is further consolidated by a quarterly Provisioning Committee, consisting of head of functions from credit, finance, BBS and DRU.

As far as the provisioning of facilities is concerned, we adopt a very conservative approach in conformance with IAS 39. The Company continuously scrutinises any exposure in arrears. A specific bad debt provision is raised when there is probability that the Company will not be able to collect the full amount of capital and interest due. We also cater for provisioning at portfolio level.

Suspension of interest on non performing facilities is carried out in a structured approach, in line with IAS 39 and relevant Bank of Mauritius Guidelines, with its application extended to facilities in the Early Warning List being also monitored on a case by case basis.

The inordinate growth in provision in year 2003 is due mainly to a complete reassessment of non-performing advances and their related collateral in line with Barclays Bank PLC credit policy on asset finance products.

2 CAPITAL STRUCTURE

	2003	2002	2001
	Rs	Rs	Rs
Total Shareholder's equity	38,652,114	24,668,030	24,801,717
Total Deposits	343,924,547	251,198,764	233,469,820
Shareholder's equity/deposits	11.24	9.82	10.62

The Bank of Mauritius guideline on Capital Adequacy is not applicable to leasing companies. Instead, there is a regulatory minimum capital to customer deposit ratio of 10% to be maintained. The ratio was below minimum level 2002 following adjustments made to accounts due to IAS implementation and restatement of prior year figures. To resolve the situation, Barclays Bank PLC injected new capital of Rs 10 million in early 2003.

This prudential ratio has now been embedded in the development strategy of Barclays Leasing Company Limited and closely monitored to ensure the minimum requirements.

3 RISK MANAGEMENT POLICIES AND CONTROL

Information related to risk management policies is provided on pages 24 to 32 to these financial statements.

4 RELATED PARTY TRANSACTIONS, POLICIES AND PRACTICES

Details of related party information are provided in Note 19 to these financial statements.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****5 STATEMENT OF CORPORATE GOVERNANCE PRACTICES****Incorporation**

Barclays Leasing Company Limited was incorporated under the name “B.N.P.I Leasing Company Limited” as a private company on 31 December 1998 and was converted into a public company on 09 December 1999.

Following the acquisition of B.N.P.I Leasing Company Limited by Barclays Bank PLC, the former name was changed to Barclays Leasing Company Limited on 03 December 2002.

A full Board of directors was elected by the shareholders at a special meeting held on 26 February 2003 and is made up as follows:

- Jacques de Navacelle (Chairman)
- John William Fuller
- Geerish Santokhee (Managing Director)
- Roger Leung-Shin-Cheung ACIB
- Wencelas Mootoosamy FCIB
- Mario Hennequin ACIB, MBA
- Loganaden Sidambaram
- Kamben Pyneesamy Padayachy (alternate to Roger Leung-Shin-Cheung)

Directors’ details

Jacques de Navacelle is Country Managing Director of Barclays Bank PLC Mauritius. He joined Barclays Bank PLC in Paris in 1978. He holds a Diploma in Philosophy from the Paris University and is a Graduate of ‘L’Institut du Commerce Internationale’ and of the French Banking Institute. Before being appointed Country Managing Director in Mauritius, he held various managerial positions in Large Corporate Banking, Retail Banking, International Finance, Financial Institutions and Global Custody.

John William Fuller is the Head of Asset Finance for Barclays Africa and has overall responsibility for all leasing operations. He was appointed by Barclays Africa in September 2001 to position Barclays as the leading provider of Asset Finance products in the countries where the Bank has a presence. John has extensive experience in his field and has served in a similar capacity with major South African and international banking institutions.

Geerish Santokhee, appointed in 26 February 2003, is the current Managing Director of Barclays Leasing Company Limited. He started his banking career with BNPI-Mauritius Branch where he held several managerial functions in Risk, Asset Finance, Corporate Banking and Retail Banking. He is the holder of a ‘*Magistère Banque Finance*’ and a ‘*DESS Techniques Bancaires et Financières*’ from Paris II University. As Managing Director of Barclays Leasing Company Limited, he is responsible for implementing sound strategies as approved by the Board of Directors, and for ensuring the smooth running of the day-to-day business.

Roger Leung-Shin-Cheung ACIB is the Corporate Director of Barclays Bank PLC – Mauritius Domestic Branch. He joined Barclays Bank in 1967 and worked in various departments. He was promoted to managerial grade in 1986. Since then, he has worked in Retail and Corporate Banking and was appointed Corporate Director in 2000. He now leads the Corporate Banking arm of the Bank and is responsible for the maintenance and development of the corporate customers’ portfolio.

Wencelas Mootoosamy FCIB is the Finance Director of Barclays Bank PLC – Mauritius Domestic Branch. He joined the Bank in 1973. He has undertaken various managerial duties in Retail Banking, Card Business and Head Office Administration as from 1994 and was appointed Finance Director in 2000 with overall responsibility for implementing, maintaining and monitoring sound financial policies and strategies.

Mario Hennequin ACIB, MBA is, since 2001, the Head of Retail Performance (“HORP”) of Barclays Bank PLC – Mauritius Domestic Branch. He joined the Bank in 1974. He was promoted to managerial grade in 1995 and subsequently worked in the Offshore Business Unit, Card Business and Corporate Banking before his appointment as HORP in 2001. He is now responsible for the maintenance and development of the Retail Banking Customers’ portfolio of the Bank.

BARCLAYS LEASING COMPANY LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****5 STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)****Directors' details (Continued)**

Loganaden Sidambaram was appointed Head of Treasury Sales when he joined Barclays Bank PLC – Mauritius Domestic Branch in 2001 and was subsequently promoted to Treasurer in 2002. He holds a Certificate in ACI Dealing and has more than 12 years of experience in Treasury. He worked for 16 years with the State Bank of Mauritius, of which 8 years in its Treasury department, and spent 3 years with Delphis Bank before joining the Bank. He is now responsible for managing the treasury business and maximizing returns on liquid financial assets and dealings, while minimising the impact of market and liquidity risks.

Kamben Padayachy is the Deputy Corporate Director of Barclays Bank PLC – Mauritius Branch. He was previously the Corporate Director of BNPI-Mauritius Branch where he started his banking career in 1994. He is the holder of a "DESS Banque et Finance" from University of Rennes.

Governance

The Barclays Leasing business falls under the direct responsibility of Barclays Bank PLC, represented by its Mauritius Domestic Branch, which elects the Board of directors.

The Board holds meetings on a quarterly basis to devise, implement, review and monitor strategies and measures. The decisions are then implemented by the Managing Director and his team.

Barclays Bank PLC – Mauritius Branch supports Barclays Leasing in various areas such as Risk Management, Debt Recovery, Finance, Human Resources, IT Service Management and Internal Audit. The parent company is also responsible to ensure Barclays Leasing adheres to the highest standards of Corporate Governance practices as defined by the Barclays Group.

No fees have been charged by Barclays Bank PLC – Mauritius Branch to Barclays Leasing in 2003 for these support services.

**Approved by the Board of directors on 27 April 2004
and signed on its behalf by:**

J DE NAVACELLE
CHAIRMAN

W MOOTOOSAMY
FINANCE DIRECTOR

G SANTOKHEE
MANAGING DIRECTOR

BARCLAYS LEASING COMPANY LIMITED

SECRETARY'S REPORT

AUDITORS' REPORT TO THE MEMBER OF

BARCLAYS LEASING COMPANY LIMITED

We have audited the financial statements of Barclays Leasing Company Limited (the "Company") on pages 15 to 44 which have been prepared in accordance with the accounting policies set out on pages 20 to 23.

Directors' responsibilities

As described on page 2, the Company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, which give a true and fair view of the matters to which they relate, and which present fairly the financial position of the Company at 31 December 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

Auditors' responsibilities

We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you.

The financial statements of the Company for the year ended 31 December 2001 were audited by another auditor whose report dated 20 March 2002 expressed an unqualified opinion on those financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. 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 as to whether the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisers.

**AUDITORS' REPORT TO THE MEMBER OF
BARCLAYS LEASING COMPANY LIMITED**

Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 15 to 44:
 - (i) have been prepared in accordance with and comply with International Financial Reporting Standards;
 - (ii) give a true and fair view of the matters to which they relate; and
 - (iii) present fairly the financial position of the Company at 31 December 2003 and its financial performance, changes in equity and cash flows for the year ended on that date.

PricewaterhouseCoopers

Jean-Paul de Chazal
Signing partner

27 April 2004

BARCLAYS LEASING COMPANY LIMITED**BALANCE SHEET – 31 DECEMBER 2003**

	Notes	2003 Rs	2002 Rs	2001 Rs
ASSETS				
Cash resources				
Balances with Category 1 banks in Mauritius and interbank loans		13,453,034	65,318	36,163
Securities, placements and other investments				
Investment securities	1			
- Held-to-maturity		19,102,420	17,251,439	19,065,158
- Available-for-sale		33,850,234	-	-
		52,952,654	17,251,439	19,065,158
Leases				
Personal	2 (a)	74,853,354	41,581,471	49,543,397
Business		229,933,695	228,701,422	239,737,011
		304,787,049	270,282,893	289,280,408
Allowance for credit losses				
	2 (b)	(8,784,743)	(5,579,118)	(5,683,822)
		296,002,306	264,703,775	283,596,586
Other				
Intangible assets	3	-	-	225,214
Property, plant and equipment	4	21,536,975	2,224,304	1,026,593
Other assets	5	12,359,540	4,759,208	6,056,966
Income tax	6	-	79,751	-
Deferred income tax	6	731,904	867,402	910,370
Retirement benefit assets	7	1,506,000	1,404,000	-
		36,134,419	9,334,665	8,219,143
Total assets		Rs 398,542,413	291,355,197	310,917,050

BARCLAYS LEASING COMPANY LIMITED**BALANCE SHEET – 31 DECEMBER 2003 (CONTINUED)**

	Notes	2003 Rs	2002 Rs	2001 Rs
LIABILITIES AND SHAREHOLDER'S EQUITY				
Deposits				
Personal		343,224,547	96,517,761	78,951,279
Business		700,000	-	-
	8	<u>343,924,547</u>	<u>96,517,761</u>	<u>78,951,279</u>
Borrowings				
Category 1 banks and interbank borrowings		-	12,623,379	45,352,889
Debt securities in issue		-	154,681,003	154,518,541
	9	<u>-</u>	<u>167,304,382</u>	<u>199,871,430</u>
Other				
Income tax	6	555,313	-	583,447
Retirement benefit obligations	7	-	-	551,000
Other liabilities	10	15,410,439	2,865,024	6,158,177
		<u>15,965,752</u>	<u>2,865,024</u>	<u>7,292,624</u>
Total liabilities		<u>359,890,299</u>	<u>266,687,167</u>	<u>286,115,333</u>
Shareholder's equity				
Share capital	11	35,000,000	25,000,000	25,000,000
Retained earnings		3,652,114	(331,970)	(198,283)
Total shareholder's equity		<u>38,652,114</u>	<u>24,668,030</u>	<u>24,801,717</u>
Total liabilities and shareholder's equity		<u>Rs 398,542,413</u>	<u>291,355,197</u>	<u>310,917,050</u>

Approved by the Board of directors on 27 April 2004
and signed on its behalf by:

J DE NAVACELLE
CHAIRMAN

W MOOTOOSAMY
FINANCE DIRECTOR

G SANTOKHEE
MANAGING DIRECTOR

BARCLAYS LEASING COMPANY LIMITED**INCOME STATEMENT – YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 Rs	2002 Rs	2001 Rs
Interest income				
Leases		41,640,020	39,609,957	39,094,333
Investment securities				
- Held-to-maturity		1,850,981	1,878,082	1,916,952
- Available-for-sale		3,255,294	-	-
Placements and loans to banks		3,690	19,524	23,884
		<u>46,749,985</u>	<u>41,507,563</u>	<u>41,035,169</u>
Interest expense				
Deposits		21,892,776	8,605,464	7,257,882
Deposits and borrowings from bank		207,693	3,381,308	3,730,586
Other		9,106,251	18,212,502	18,217,302
		<u>31,206,720</u>	<u>30,199,274</u>	<u>29,205,770</u>
Net interest income		15,543,265	11,308,289	11,829,399
Provision for credit losses	2 (b)	(3,205,625)	(639,301)	(1,065,823)
Net interest income after provision for credit losses		12,337,640	10,668,988	10,763,576
Other income				
Fee income and commissions		2,270,318	1,452,964	1,577,884
Gain on revaluation of available-for-sale investments		22,820	-	-
		<u>2,293,138</u>	<u>1,452,964</u>	<u>1,577,884</u>
Net interest and other income		14,630,778	12,121,952	12,341,460
Non-interest expense				
Salaries and human resource development	12 (a)	2,794,730	2,124,518	2,043,489
Pension contributions and other staff benefits	12 (b)	403,181	(455,614)	473,578
Exceptional item	12 (c)	-	2,210,952	-
Net loss on sale of securities		46,995	-	-
Depreciation		2,592,688	620,596	416,334
Other		4,038,538	7,712,219	6,926,357
		<u>9,876,132</u>	<u>12,212,671</u>	<u>9,859,758</u>
Net profit before income tax	13	4,754,646	(90,719)	2,481,702
Income tax	6	(770,562)	(42,968)	(411,299)
Net profit available to ordinary shareholder		Rs 3,984,084	(133,687)	2,070,403
Weighted average number of ordinary shares outstanding		33,466	25,000	25,000
Net profit per ordinary share	14	Rs 119.05	(5.35)	82.82

BARCLAYS LEASING COMPANY LIMITED**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY – YEAR ENDED 31 DECEMBER 2003**

	2003	2002	2001
	Rs	Rs	Rs
Share capital			
Ordinary shares			
At 01 January 2003	25,000,000	25,000,000	25,000,000
Issue of shares during the year	10,000,000	-	-
At 31 December 2003	Rs 35,000,000	25,000,000	25,000,000
Retained earnings			
At 01 January 2003	(331,970)	(198,283)	(2,268,686)
Net profit available to ordinary shareholder	3,984,084	(133,687)	2,070,403
At 31 December 2003	Rs 3,652,114	(331,970)	(198,283)

BARCLAYS LEASING COMPANY LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003 Rs	2002 Rs	2001 Rs
<i>Cash flows from operating activities</i>			
Net profit before tax	4,754,646	(90,719)	2,481,702
Adjustments to determine net cash flows			
Provision for credit losses	3,205,625	639,301	1,065,823
Depreciation	2,592,688	620,596	416,334
Amortisation of intangible assets	-	225,214	59,988
Amortisation of issue costs on debentures	-	162,462	162,463
Issue costs on debentures write off	318,997	-	-
Loss on disposals of property, plant and equipment (Note 4)	102,930	73,665	-
Write off of property, plant and equipment	-	-	63,701
Gain on revaluation of available-for-sale investments	(22,820)	-	-
Net loss on sale of available-for-sale investments	46,995	-	-
Write off of finance lease receivable	-	216,812	-
Interest income	(5,109,965)	(1,897,606)	(1,940,836)
Interest expense	31,206,720	30,199,274	29,205,770
	37,095,816	30,148,999	31,514,945
<i>Changes in operating assets and liabilities</i>			
(Increase)/decrease in operating assets:			
Other assets	(7,596,642)	1,099,002	(1,930,138)
Retirement benefit assets	(102,000)	(1,955,000)	-
Increase/(decrease) in operating liabilities:			
Other liabilities	3,860,056	(4,078,734)	1,952,483
Retirement benefit obligations	-	-	67,000
Interest received	2,504,278	3,842,925	108,585
Interest paid	(22,521,361)	(29,413,693)	(28,321,804)
Income tax paid (Note 6(a))	-	(663,198)	(270,196)
Net cash from/(used in) operating activities	13,240,147	(1,019,699)	3,120,875
<i>Cash flows from investing activities</i>			
Payments for purchases of property, plant and equipment (Note 4)	(22,111,219)	(1,934,478)	(53,436)
Payments for purchases of computer software (Note 3)	-	-	(263,948)
Proceeds from disposals of property, plant and equipment (Note 4)	102,930	42,506	-
Payments for purchases of available-for-sale investments	(242,668,948)	-	-
Payments for purchase of held-to-maturity investments	-	(16,308,200)	-
Proceeds on maturity of held-to-maturity investments	-	16,176,600	-
Proceeds from sale of available-for-sale investments	209,545,555	-	-
Finance leases made	(150,381,125)	(68,762,512)	(130,354,003)
Capital repayments of finance leases	115,876,969	86,997,966	65,781,916
Net cash (used in)/from investing activities	(89,635,838)	16,211,882	(64,889,471)
<i>Cash flows from financing activities</i>			
Payment on redemption of debentures	(155,000,000)	-	-
Proceeds from issue of shares (Note 11)	10,000,000	-	-
Receipts from fixed deposits	305,468,564	51,948,635	54,951,279
Payments on maturity of fixed deposits	(58,061,778)	(34,382,153)	(10,300,000)
Net cash from financing activities	102,406,786	17,566,482	44,651,279
Net change in cash and cash equivalents	26,011,095	32,758,665	(17,117,317)
Cash and cash equivalents at beginning of year	(12,558,061)	(45,316,726)	(28,199,409)
Cash and cash equivalents at end of year (Note 15)	Rs 13,453,034	(12,558,061)	(45,316,726)

BARCLAYS LEASING COMPANY LIMITED**ACCOUNTING POLICIES****Index to accounting policies**

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BARCLAYS LEASING COMPANY LIMITED**ACCOUNTING POLICIES (CONTINUED)**

The principal accounting policies adopted in the preparation of the financial statements, which have been applied consistently, are set out below:

A Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

B Revenue recognition

Finance lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return on the net investment amount outstanding on the finance leases.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

Operating lease income is recognised on a straight-line basis over the lease term.

Other income is generally recognised on an accrual basis when the service has been provided.

C Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

D Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Motor vehicles	20%
Fixtures and fittings	20%
Improvement to building	10%
Computer equipment	20%

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

E Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 5 years.

BARCLAYS LEASING COMPANY LIMITED**ACCOUNTING POLICIES (CONTINUED)****F Leases**

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

G Impairment of leases

An allowance for impairment is established if there is objective evidence that the Company will not be able to collect the amount due according to the original contractual terms of the lease. The amount of the provision is the difference between the carrying amount at the time the lease is considered doubtful and the recoverable amount, being the present value of expected proceeds arising from sale of the leased assets discounted at the original effective interest rate of the lease.

The provision amount also covers losses when there is objective evidence that probable losses are present in components of the lease portfolio at the balance sheet date. They have been estimated based on the future specific losses inherent in the leases and upon historical patterns of losses in each component and the economic climate in which the clients operate.

H Investment securities

The Company classifies its investment securities into the following two categories: held-to-maturity and available-for-sale. Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of purchase.

Investment securities are initially recognised at cost (which includes transaction costs). Available-for-sale financial assets are subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Held-to-maturity investments are carried at amortised cost using the effective yield method less any provision for impairment.

I Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash comprises cash at bank, net of bank overdraft. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

J Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

BARCLAYS LEASING COMPANY LIMITED**ACCOUNTING POLICIES (CONTINUED)****K Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on depreciation on property, plant and equipment, provision for bad debts, retirement benefit obligations and tax losses carried forward, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

L Employee benefits**(1) Pension obligations**

The Company operates a defined benefit scheme, the assets of which are held in a separate trustee-administered fund. The pension scheme is funded by the Company, taking account of the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service costs. The defined benefit obligation is calculated every two years by independent actuaries using the projected unit credit method (the latest valuation was done at 31 December 2002). The present value of the defined benefit obligation is determined by the estimated future cash outflows using a discount rate set by reference to current interest rates. The pension plan is a final salary plan and the charge for such pension plan, representing the net periodic pension cost, is included in staff costs. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to the income statement over the service lives of the related employees.

(2) Termination benefits

Termination benefits become payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

M Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

N Comparatives

The comparative figures have been adjusted to conform with changes in presentation in the current year.

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT****A Strategy in using financial instruments**

By its nature the Company's activities are principally related to the use of financial instruments. The Company accepts deposits from customers at fixed rates and for various periods and seeks to earn above average interest margins by investing these funds in fixed rate finance leases and operating leases and other high quality assets such as Treasury Bills. The Company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to customers operating in different economic sectors and with a range of acceptable credit standing. Such exposures involve only on-balance sheet finance leases as the Company does not offer off-balance sheet facilities such as guarantees and other commitments.

The main financial risks faced by the Company relate to Credit risk, Interest rate risk and Liquidity risk. There is no currency or country risk as all the assets and liabilities of the Company are concentrated in Mauritius.

B Credit risk

Credit risk arises because the customers, clients or counterparties may not be willing or able to fulfil their contractual obligations. The Company uses a grading structure to show the probability of future default by borrowers. This is used to estimate levels of annualised credit losses from the overall lease portfolio (termed Risk Tendency). Risk Tendency assists in portfolio management decisions, such as setting exposure limits for any single counterparty or lessee, establishing the desired aggregate exposure levels to individual sectors, determining pricing policy and setting the level of the general provision. Gradings also provide a guide to changes in the underlying credit quality of the lending portfolio over time.

Economic sector risk concentrations within the customer leases portfolio were as follows:

	2003	2003	2002	2002	2001	2001
	Rs'000	%	Rs'000	%	Rs'000	%
Agriculture and fishing	46,905	15.85	26,666	10.07	27,368	9.65
Manufacturing/textile	4,141	1.39	7,723	2.92	7,177	2.53
Tourism	14,970	5.06	23,756	8.97	29,742	10.49
Transport	16,370	5.53	19,325	7.30	11,970	4.22
Construction and civil engineering	28,432	9.61	35,694	13.49	40,550	14.30
Services and printing	36,418	12.30	33,383	12.61	35,463	12.50
Traders/commerce	74,315	25.11	76,575	28.93	81,784	28.84
Personal	74,451	25.15	41,582	15.71	49,543	17.47
	296,002	100.00	264,704	100.00	283,597	100.00

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****B Credit risk (Continued)**

Provision for credit losses by economic sectors within the customers leases portfolio were as follows:

					2003	2002	2001
	Performing leases Rs'000	Non-performing leases Rs'000	Specific provision Rs'000	Portfolio provision Rs'000	Total provision Rs'000	Total provision Rs'000	Total provision Rs'000
Agriculture and fishing	46,166	739	-	-	-	-	-
Manufacturing/textile	4,217	-	(76)	-	(76)	-	-
Tourism	13,165	1,805	-	-	-	-	-
Transport	12,229	4,618	(477)	-	(477)	-	-
Construction and civil engineering	21,847	11,315	(4,730)	-	(4,730)	(3,720)	(4,618)
Services and printing	35,058	3,199	(1,428)	(411)	(1,839)	(1,181)	(634)
Traders/commerce	72,723	2,853	(980)	(281)	(1,261)	(556)	(288)
Personal	71,845	3,008	(402)	-	(402)	(122)	(144)
Total	277,250	27,537	(8,093)	(692)	(8,785)	(5,579)	(5,684)

C Market risk

Market risk is the risk of loss arising from changes in the level or volatility of market prices, which can occur in the interest rate and foreign exchange markets. It is incurred as a result of asset/liability management activities. The market risk management policies of the Company is determined by the Group Risk Management Committee, which also determines overall market risk appetite.

The Company uses the interest rate mismatch ladder which identifies mismatches between financial assets and liabilities, as the primary mechanism for controlling interest rate risk.

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****D Interest rate risk**

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and future cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise, depending on the level of interest repricing mismatch. As such, Management sets limits on the level of mismatch in interest rate repricing that may be undertaken. This level is monitored on a monthly basis.

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest sensitivity of assets and liabilities - repricing analysis

	Up to 1 month Rs	1 – 3 months Rs	3 – 6 months Rs	6 – 12 months Rs	1 – 5 years Rs	Over 5 years Rs	Non-interest bearing Rs	Total Rs
At 31 December 2003								
Balances with Category 1 banks in Mauritius and interbank loans	-	-	-	-	-	-	13,453,034	13,453,034
Investment securities:								
Held-to-maturity	-	-	19,102,420	-	-	-	-	19,102,420
Available-for-sale	5,382,158	6,133,004	22,335,072	-	-	-	-	33,850,234
Leases	22,425,910	16,057,810	23,309,874	44,863,750	188,604,551	740,411	-	296,002,306
Property, plant and equipment	-	-	-	-	-	-	21,536,975	21,536,975
Other assets	-	-	-	-	-	-	12,359,540	12,359,540
Deferred income tax	-	-	-	-	-	-	731,904	731,904
Retirement benefits assets	-	-	-	-	-	-	1,506,000	1,506,000
Total assets	Rs 27,808,068	22,190,814	64,747,366	44,863,750	188,604,551	740,411	49,587,453	398,542,413
Liabilities								
Deposits	5,500,000	14,160,000	74,645,331	27,793,000	221,826,216	-	-	343,924,547
Income tax	-	-	-	-	-	-	555,313	555,313
Other liabilities	-	-	-	-	-	-	15,410,439	15,410,439
Total liabilities	Rs 5,500,000	14,160,000	74,645,331	27,793,000	221,826,216	-	15,965,752	359,890,299
On balance sheet interest sensitivity gap	Rs 22,308,068	8,030,814	(9,897,965)	17,070,750	(33,221,665)	740,411		

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****D Interest rate risk (Continued)****Interest sensitivity of assets and liabilities - repricing analysis (Continued)**

	Up to 1 month Rs	1 – 3 months Rs	3 – 6 months Rs	6 – 12 months Rs	1 – 5 years Rs	Over 5 years Rs	Non-interest bearing Rs	Total Rs
At 31 December 2002								
Total assets	10,082,819	13,688,036	18,919,302	45,221,879	193,988,012	55,166	9,399,983	291,355,197
Total liabilities	13,623,379	1,000,000	12,600,000	29,255,635	207,343,129	-	2,865,024	266,687,167
On balance sheet interest sensitivity gap	Rs (3,540,560)	12,688,036	6,319,302	15,966,244	(13,355,117)	55,166		
At 31 December 2001								
Total assets	2,601,836	11,685,906	37,141,807	37,580,065	213,298,886	353,244	8,255,306	310,917,050
Total liabilities	48,607,889	-	15,010,000	14,917,153	200,287,667	-	7,292,624	286,115,333
On balance sheet interest sensitivity gap	Rs (46,006,053)	11,685,906	22,131,807	22,662,912	13,011,219	353,244		

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****D Interest rate risk (Continued)****Interest sensitivity of assets and liabilities - repricing analysis (Continued)**

The table below summarises the effective interest rate by the major currency for monetary financial instruments:

	2003	2003	2002	2002	2001	2001
	%	%	%	%	%	%
	Min	Max	Min	Max	Min	Max
Assets						
Investment securities	6.73	11.35	11.35	11.35	11.85	11.85
Balances with category 1 banks in Mauritius and interbank loans	-	-	5.50	5.50	6.00	6.00
Leases	10.50	17.00	12.00	17.00	12.00	17.00
Liabilities						
Debt securities in issue	-	-	11.75	11.75	11.75	11.75
Deposits	7.25	11.00	8.75	11.00	9.00	12.00
Category 1 banks and interbank borrowings	8.50	8.50	9.50	9.50	10.00	10.00

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****E Liquidity risk**

The management of liquidity within the Company has two principal strands. Firstly, day-to-day funding is managed by monitoring future cash flows to ensure that requirements can be met including the replacement of existing funds as they mature or are withdrawn to satisfy demand by customers for additional borrowings. Secondly, to maintain a stock of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

In order to avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are actively managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on reputation, the strength of earnings and the Company's financial position.

Liquidity management includes control over asset maturities and the volume and quality of liquid assets and short-term funds. Additionally, in evaluating the Company's liquidity position, management takes account of undrawn lending commitments and the usage of overdraft facilities.

Maturities of assets and liabilities

	Up to 1 month Rs	1 – 3 months Rs	3 – 6 months Rs	6 – 12 months Rs	1 – 5 years Rs	Over 5 years Rs	Total Rs
At 31 December 2003							
Balances with Category 1 banks in Mauritius and interbank loans	13,453,034	-	-	-	-	-	13,453,034
Investment securities:							
Held-to-maturity	-	-	19,102,420	-	-	-	19,102,420
Available-for-sale	5,382,158	6,133,004	22,335,072	-	-	-	33,850,234
Leases	22,425,910	16,057,810	23,309,874	44,863,750	188,604,551	740,411	296,002,306
Property, plant and equipment	-	-	-	-	21,536,975	-	21,536,975
Other assets	12,359,540	-	-	-	-	-	12,359,540
Deferred income tax	-	-	-	-	731,904	-	731,904
Retirement benefits assets	-	-	-	-	-	1,506,000	1,506,000
Total assets	Rs 53,620,642	22,190,814	64,747,366	44,863,750	210,873,430	2,246,411	398,542,413
Liabilities							
Deposits	5,500,000	14,160,000	74,645,331	27,793,000	221,826,216	-	343,924,547
Income tax	-	-	-	-	555,313	-	555,313
Other liabilities	15,410,439	-	-	-	-	-	15,410,439
Total liabilities	Rs 20,910,439	14,160,000	74,645,331	27,793,000	222,381,529	-	359,890,299
Net liquidity gap	Rs 32,710,203	8,030,814	(9,897,965)	17,070,750	(11,508,099)	2,246,411	38,652,114

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****E Liquidity risk (Continued)****Maturities of assets and liabilities (Continued)**

	Up to 1 month Rs	1 – 3 months Rs	3 – 6 months Rs	6 – 12 months Rs	1 – 5 years Rs	Over 5 years Rs	Total Rs
At 31 December 2002							
Total assets	14,987,096	13,688,036	18,919,302	45,221,879	196,212,316	2,326,568	291,355,197
Total liabilities	16,488,403	1,000,000	12,600,000	29,255,635	207,343,129	-	266,687,167
Net liquidity gap	Rs (1,501,307)	12,688,036	6,319,302	15,966,244	(11,130,813)	2,326,568	24,668,030
At 31 December 2001							
Total assets	8,694,965	11,685,906	37,367,021	37,580,065	215,235,849	353,244	310,917,050
Total liabilities	55,349,513	-	15,010,000	14,917,153	200,838,667	-	286,115,333
Net liquidity gap	Rs (46,654,548)	11,685,906	22,357,021	22,662,912	14,397,182	353,244	24,801,717

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****F Fair values of financial assets and liabilities**

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Company's balance sheet at their fair values. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	2003 Book value Rs	2003 Fair value Rs	2002 Book value Rs	2002 Fair value Rs	2001 Book value Rs	2001 Fair value Rs
Financial assets						
Leases	296,002,306	287,874,174	264,703,775	268,548,842	283,596,586	283,093,462
Investment securities (Held-to-maturity)	19,102,420	19,360,637	17,251,439	17,317,681	19,065,158	19,095,761
Rs	<u>315,104,726</u>	<u>307,234,811</u>	<u>281,955,214</u>	<u>285,866,523</u>	<u>302,661,744</u>	<u>302,189,223</u>
Financial liabilities						
Deposits	343,924,547	346,638,609	96,517,761	98,078,462	78,951,279	79,756,307
Debt securities in issue	-	-	154,681,003	156,523,650	154,518,541	159,882,500
Rs	<u>343,924,547</u>	<u>346,638,609</u>	<u>251,198,764</u>	<u>254,602,112</u>	<u>233,469,820</u>	<u>239,638,807</u>

Leases

Leases are net of provisions for impairment. The estimated fair value of leases represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

Investment securities include only interest-bearing assets held-to-maturity. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or in some cases by reference to the net tangible asset backing of the investee.

Deposits and borrowings

The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Debt securities in issue

The aggregate fair values are calculated based on quoted market prices. For these notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

G Compliance risk

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

H Operational risk management

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Company and to be consistent with the prudent management required for a large financial organisation.

It is recognised that such risks can never be entirely eliminated and that the cost of controls in minimising these risks may outweigh the potential benefits. Accordingly, the Company continues to invest in risk management and mitigation such as business continuity management and incident management. In the reinforcement of the implementation of the Company's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

BARCLAYS LEASING COMPANY LIMITED**FINANCIAL RISK MANAGEMENT (CONTINUED)****I Legal risk**

Legal risk is the risk that the business activities of the Company have unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of law or regulation (including activity unauthorised for a leasing company and which may attract a civil or criminal fine or penalty);
- Failure to protect the Company's property (including its interest in its premises and its intellectual property such as the Barclays logo, brand names and products); and
- The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Company identifies and manages legal risk through effective use of its internal and external legal advisers.

J Tax risk

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

BARCLAYS LEASING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003**

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BARCLAYS LEASING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

	2003 Rs	2002 Rs	2001 Rs
1 Securities, placements and other investments			
(a) Held-to-maturity			
Treasury bills – at amortised cost	Rs 19,102,420	17,251,439	19,065,158
(b) Available-for-sale			
At 01 January 2003	-	-	-
Additions	242,668,948	-	-
Disposals	(209,592,550)	-	-
Interest receivable	751,016	-	-
Fair value adjustment	22,820	-	-
At 31 December 2003	Rs 33,850,234	-	-
2 (a) Leases			
Finance leases – gross receivables	370,354,720	332,866,697	370,774,830
Unearned finance income	(65,567,671)	(62,583,804)	(81,494,422)
	304,787,049	270,282,893	289,280,408
Allowance for credit losses (Note 2 (b))	(8,784,743)	(5,579,118)	(5,683,822)
	Rs 296,002,306	264,703,775	283,596,586
Gross receivables from finance leases:			
Within 3 months	47,481,878	32,717,999	24,358,621
Over 3 months up to 6 months	31,417,684	26,703,363	26,360,061
Over 6 months up to 12 months	58,725,558	59,852,072	54,527,222
Over 1 year up to 5 years	223,178,282	207,957,361	259,460,603
Over 5 years	766,575	56,784	384,501
	361,569,977	327,287,579	365,091,008
Unearned future finance income on finance leases	(65,567,671)	(62,583,804)	(81,494,422)
Net investment in finance leases	Rs 296,002,306	264,703,775	283,596,586
The net investment in finance leases may be analysed as follows:			
Within 3 months	38,483,720	23,770,855	14,287,742
Over 3 months up to 6 months	23,309,874	18,919,302	18,076,649
Over 6 months up to 12 months	44,863,750	45,221,879	37,580,065
Over 1 year up to 5 years	188,604,551	176,736,573	213,298,886
Over 5 years	740,411	55,166	353,244
Net investment in finance leases	Rs 296,002,306	264,703,775	283,596,586

BARCLAYS LEASING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

2 (b) Allowance for credit losses

	2003 Specific Rs	2003 Portfolio Rs	2003 Total Rs	2002 Rs	2001 Rs
At 01 January 2003	4,764,118	815,000	5,579,118	5,683,822	4,617,999
Provision for credit losses for the year	3,328,625	(123,000)	3,205,625	639,301	1,065,823
Reversal of 2001 provision	-	-	-	(744,005)	-
At 31 December 2003	8,092,743	692,000	8,784,743	5,579,118	5,683,822

3 Intangible assets

Computer software:

Rs

Cost:

At 01 January 2001	35,992
Additions	263,948
At 31 December 2001	299,940
Additions	-
Write off	(299,940)
At 31 December 2002 and 2003	-

Accumulated amortisation:

At 01 January 2001	14,738
Charge for the year	59,988
At 31 December 2001	74,726
Charge for the year	225,214
Write off	(299,940)
At 31 December 2002 and 2003	-

Net book amount:

At 31 December 2003	Rs	-
At 31 December 2002	Rs	-
At 31 December 2001	Rs	225,214

BARCLAYS LEASING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

4 Property, plant and equipment

	Motor vehicles Rs	Fixtures and fittings Rs	Improvement to building Rs	Computer equipment Rs	Total Rs
<i>Cost:</i>					
At 01 January 2001	924,850	865,722	168,423	216,550	2,175,545
Additions	-	53,436	-	-	53,436
Write off	-	-	(76,193)	-	(76,193)
At 31 December 2001	924,850	919,158	92,230	216,550	2,152,788
Additions	343,100	279,694	1,295,534	16,150	1,934,478
Disposals	-	(144,457)	(92,230)	-	(236,687)
At 31 December 2002	1,267,950	1,054,395	1,295,534	232,700	3,850,579
Additions	21,574,082	5,888	80,250	450,999	22,111,219
Disposals	(343,100)	-	-	-	(343,100)
At 31 December 2003	22,498,932	1,060,283	1,375,784	683,699	25,618,698
<i>Accumulated depreciation:</i>					
At 01 January 2001	370,310	283,796	16,422	51,823	722,351
Charge for the year	184,970	180,360	9,223	41,781	416,334
Write off adjustment	-	-	(12,490)	-	(12,490)
Transfer	-	(800)	800	-	-
At 31 December 2001	555,280	463,356	13,955	93,604	1,126,195
Charge for the year	322,210	193,525	58,591	46,270	620,596
Disposals adjustment	-	(101,950)	(18,566)	-	(120,516)
At 31 December 2002	877,490	554,931	53,980	139,874	1,626,275
Charge for the year	2,135,266	211,272	134,235	111,915	2,592,688
Disposals adjustment	(137,240)	-	-	-	(137,240)
At 31 December 2003	2,875,516	766,203	188,215	251,789	4,081,723
<i>Net book amount</i>					
At 31 December 2003	Rs 19,623,416	294,080	1,187,569	431,910	21,536,975
At 31 December 2002	Rs 390,460	499,464	1,241,554	92,826	2,224,304
At 31 December 2001	Rs 369,570	455,802	78,275	122,946	1,026,593

Included in the above are motor vehicles leased out under operating leases as follows:

	2003 Rs	2002 Rs	2001 Rs
Cost	21,574,082	-	-
Accumulated depreciation	(1,950,666)	-	-
Rs	19,623,416	-	-

In the cash flow statement, proceeds from and loss on disposals of property, plant and equipment are as follows:

Net book amount	205,860	116,171	-
Loss on disposals of property, plant and equipment	(102,930)	(73,665)	-
Proceeds from disposals of property, plant and equipment	Rs 102,930	42,506	-

BARCLAYS LEASING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

	2003 Rs	2002 Rs	2001 Rs
5 Other assets			
Rental income and interest receivable	7,753,461	4,533,055	5,307,585
Other receivables	4,606,079	226,153	749,381
Rs	12,359,540	4,759,208	6,056,966

6 Income tax*Income tax**(a) Liability/(asset):*

At 01 January 2003	(79,751)	583,447	270,196
Charge for the year	635,064	-	583,447
Paid during the year	-	(663,198)	(270,196)
At 31 December 2003	Rs 555,313	(79,751)	583,447

(b) Expense:

Income tax, based on the profit for the year as adjusted for tax purposes at 15%	635,064	-	576,601
Overprovision in current year	-	-	6,846
Deferred tax	135,498	42,968	(172,148)
Rs	770,562	42,968	411,299

The reconciliation between the actual income tax rate of **16.2%** for 2003 (2002 and 2001 – (47.4%) and 16.6%, respectively) and the applicable income tax rate of **15.0%** (2002 and 2001 – 15.0%) is as follows:

	2003 %	2002 %	2001 %
(As a percentage of profit before tax)			
Applicable income tax rate	15.0	15.0	15.0
Effect of:			
Expenses not allowable for tax purposes	1.6	(54.2)	1.8
Investment allowances	(0.4)	13.7	(0.5)
Investment allowances withdrawn	-	(21.9)	-
Overprovision in current year	-	-	0.3
Actual income tax rate	16.2	(47.4)	16.6

Deferred income tax

Deferred income tax is calculated in full on all temporary differences under the liability method using a principal tax rate of **15.0%** (2002 and 2001: 15.0%).

The movement on the deferred income tax asset account is as follows:

	2003 Rs	2002 Rs	2001 Rs
At 01 January 2003	867,402	910,370	738,222
Income tax (charge)/credit	(135,498)	(42,968)	172,148
At 31 December 2003	Rs 731,904	867,402	910,370

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

6 Income tax (Continued)*Deferred income tax (Continued)*

Deferred income tax assets are recognised to the extent that realisation of the related tax benefit through future taxable profits is probable. The Company had no tax losses at 31 December 2003 (2002 - Rs 1,607,070 and 2001 – Nil) to carry forward against future taxable income.

Deferred income tax assets and liabilities are attributable to the following items:

	2003	2002	2001
	Rs	Rs	Rs
Accelerated capital allowances	(371,908)	(11,926)	(24,853)
Allowance for credit losses	1,317,712	836,868	852,573
Other provisions	12,000	12,000	-
Net retirement benefit (assets)/liabilities	(225,900)	(210,600)	82,650
Tax losses carried forward	-	241,060	-
Rs	731,904	867,402	910,370

The deferred tax (charge)/credit in the income statement comprises the following temporary differences:

	2003	2002	2001
	Rs	Rs	Rs
Accelerated capital allowances	(359,982)	12,927	2,225
Allowance for credit losses	480,844	(15,705)	159,873
Other provisions	-	12,000	-
Net retirement benefit (assets)/liabilities	(15,300)	(293,250)	10,050
Tax losses carried forward	(241,060)	241,060	-
Rs	(135,498)	(42,968)	172,148

7 Retirement benefit (assets)/obligations

The amounts recognised in the balance sheet are determined as follows:

	2003	2002	2001
	Rs	Rs	Rs
Present value of funded obligations	7,422,000	1,234,000	1,815,000
Fair value of plan assets	(8,276,000)	(2,426,000)	(1,224,000)
	(854,000)	(1,192,000)	591,000
Unrecognised actuarial losses	(652,000)	(212,000)	(40,000)
Rs	(1,506,000)	(1,404,000)	551,000

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

7 Retirement benefit (assets)/obligations (Continued)

The amounts recognised in the income statement are as follows:

	2003 Rs	2002 Rs	2001 Rs
Current service cost	250,000	179,798	162,672
Interest cost	398,000	207,000	173,000
Expected return on plan assets	(543,000)	(148,000)	(125,000)
Past service cost	156,000	494,000	-
Curtailement or settlement gain	-	(1,385,000)	-
Total, included in staff costs (Note 12)	Rs 261,000	(652,202)	210,672

Movement in the (asset)/liability recognised in the balance sheet:

	2003 Rs	2002 Rs	2001 Rs
At 01 January 2003	(1,404,000)	551,000	484,000
Total expense – as above	261,000	(652,202)	210,672
Contributions paid	(363,000)	(1,302,798)	(143,672)
At 31 December 2003	Rs (1,506,000)	(1,404,000)	551,000
Actual return on plan assets	Rs 691,000	12,000	85,000

The principal actuarial assumptions used were as follows:

	2003 %	2002 %	2001 %
Discount rate	10.00	11.00	11.50
Expected return on plan assets	10.00	11.00	11.50
Future salary increases	7.50	8.50	10.00
Future pension increases	3.00	0.00	0.00

8 Deposits

Time deposits with remaining term to maturity:

	2003 Rs	2002 Rs	2001 Rs
Within 3 months	19,660,000	2,000,000	3,255,000
Over 3 months up to 6 months	74,645,331	12,600,000	15,010,000
Over 6 months up to 12 months	27,793,000	29,255,635	14,917,153
Over 1 year up to 5 years	221,826,216	52,662,126	45,769,126
	Rs 343,924,547	96,517,761	78,951,279

BARCLAYS LEASING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

9 Borrowings

	2003 Rs	2002 Rs	2001 Rs
Bank overdrafts	-	12,623,379	45,352,889
Debentures (see note (a) below)	-	154,681,003	154,518,541
Rs	-	167,304,382	199,871,430
<i>Maturity of borrowings</i>			
Within 3 months	-	12,623,379	45,352,889
Over 1 year up to 5 years	-	154,681,003	154,518,541
Rs	-	167,304,382	199,871,430
<i>(a) Debentures</i>			
11.75% debentures 2002 – 2004 of Rs 1,000 each			
	-	155,000,000	155,000,000
Issue costs:			
At 01 January 2003	318,997	481,459	643,922
Amortisation	-	(162,462)	(162,463)
Write off	(318,997)	-	-
At 31 December 2003	-	318,997	481,459
Rs	-	154,681,003	154,518,541

All debentures were redeemed on 30 June 2003.

10 Other liabilities

	2003 Rs	2002 Rs	2001 Rs
Interest payable	10,574,030	1,888,671	1,103,090
Management fees payable to BNPI	-	-	3,480,132
Accruals and other payables	4,836,409	976,353	1,574,955
Rs	15,410,439	2,865,024	6,158,177

11 Share capital

	Number of shares	Rs
<i>Issued and fully paid:</i>		
Ordinary shares of Rs 1,000 each		
At 01 January 2001, 31 December 2001 and 31 December 2002	25,000	25,000,000
Issue of shares	10,000	10,000,000
At 31 December 2003	35,000	Rs 35,000,000

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

12 Staff costs

	2003 Rs	2002 Rs	2001 Rs
(a) Salaries and human resource development			
Wages and salaries	Rs <u>2,794,730</u>	2,124,518	2,043,489
(b) Pension and other staff benefits			
Social security costs	47,921	50,877	106,935
Pension costs – defined benefit plans (Note 7)	261,000	(652,202)	210,672
Other benefits	94,260	145,711	155,971
	Rs <u>403,181</u>	(455,614)	473,578

The number of employees at the end of the year was 6 (2002 and 2001: 5 and 7 respectively)

	2003 Rs	2002 Rs	2001 Rs
(c) Exceptional item			
Compensation under Voluntary Early Leavers Scheme	Rs -	2,210,952	-

13 Net profit before income tax

The following items have been included in arriving at net profit before income tax:

	2003 Rs	2002 Rs	2001 Rs
Depreciation on property, plant and equipment	2,592,688	620,596	416,334
Loss on disposal of property, plant and equipment	102,930	73,665	-
Write off of property, plant and equipment	-	-	63,701
Amortisation of issue costs on debentures	-	162,462	162,463
Issue costs on debentures written off	318,997	-	-
Amortisation of intangible assets:			
- Computer software	-	225,214	59,988
Write off of finance lease receivable	-	216,812	-
Staff costs (including termination benefits)	3,197,911	3,879,856	2,517,067
Fees paid to auditors:			
- Audit services	414,500	78,130	61,600
- Other services	-	19,320	17,696

14 Net profit per ordinary share

The net profit per ordinary share is calculated by dividing the net profit attributable to the shareholder by the weighted average number of ordinary shares in issue during the year.

	2003 Rs	2002 Rs	2001 Rs
Net profit available to the ordinary shareholder (Rs)	3,984,084	(133,687)	2,070,403
Weighted average number of ordinary shares in issue (Number)	33,466	25,000	25,000
Net profit per ordinary share (Rs)	119.05	(5.35)	82.82

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

15 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2003 Rs	2002 Rs	2001 Rs
Cash and bank balances	13,453,034	65,318	36,163
Bank overdrafts (Note 9)	-	(12,623,379)	(45,352,889)
Rs	13,453,034	(12,558,061)	(45,316,726)

16 Capital commitments

	2003 Rs	2002 Rs	2001 Rs
<i>Capital expenditure</i>			
Expenditure contracted for	-	1,000,000	-
Expenditure authorised but not contracted for	-	1,000,000	-
Rs	-	2,000,000	-

Finance leases

The Company had commitments in respect of lease contracts which had been signed at 31 December 2003 of **Rs 123,000,000** (2002 and 2001 – Rs Nil and Rs 7,751,765 respectively) for which no monies had been disbursed.

17 Incorporation and registered office

The Company was incorporated under the name “B.N.P.I Leasing Company Limited” as a private company on 31 December 1998 and was converted into a public company on 09 December 1999. Following the acquisition of B.N.P.I Leasing Company Limited by Barclays Bank PLC, the Company’s name was changed to Barclays Leasing Company Limited on 03 December 2002. The Company’s previous registered office, Moorgate House, was changed to Harbour Front Building in April 2002. Following the acquisition by Barclays Bank PLC, the registered office was changed to Sir William Newton Street, Port Louis.

18 Currency

The financial statements are presented in Mauritian rupees.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

19 Related party transactions

The Company's holding company is Barclays Bank PLC – Mauritius Domestic Branch, a company registered in Mauritius under the Companies Act 2001 as a foreign company. Barclays Bank PLC – Mauritius Domestic Branch is a branch of Barclays Bank PLC, a company incorporated with limited liability under the laws of the United Kingdom.

The following transactions were carried out with related parties during the year:

	2003 Rs	2002 Rs	2001 Rs
i) Payments for services rendered			
<i>Management fees:</i>			
Banque Nationale de Paris Intercontinentale (Mauritius Branch)	Rs -	2,664,180	3,480,132
<i>Computer maintenance fees:</i>			
Banque Nationale de Paris Intercontinentale (Mauritius Branch)	-	314,435	386,416
BNP Paribas Lease Group	-	212,306	162,625
Rs	-	526,741	549,041
<i>Prospection fees:</i>			
BNP Paribas Lease Group	Rs -	546,826	429,729
<i>Interest expense:</i>			
<i>Bank overdraft:</i>			
Banque Nationale de Paris Intercontinentale (Mauritius Branch)	-	3,208,715	3,730,586
Barclays Bank PLC – Mauritius Domestic Branch	-	172,592	-
Rs	-	3,381,307	3,730,586
<i>Commissions paid:</i>			
Barclays Bank PLC – Mauritius Domestic Branch	Rs 20,069	-	-

Debentures:

a) Interest on debentures paid to the following directors:

	2003 Direct holding Rs	2003 Indirect holding Rs	2002 Direct holding Rs	2002 Indirect holding Rs	2001 Direct holding Rs	2001 Indirect holding Rs
Mr Ravindranath Ramanah	-	-	-	-	117	-
Mr Dayakrishna Vandynatha Chetti	-	-	-	-	117	235
Mr Jacques Désire Jocelyn Ah-Yu	-	-	2,938	1,175	17,625	7,050
Mr Kamben Pyneesamy Padayachy	59	59	98	-	-	-

b) Interest on debentures paid to the following related corporations:

	2003 Rs	2002 Rs	2001 Rs
Banque Nationale de Paris Intercontinentale (Mauritius Branch)	-	2,703,871	3,244,645
BNPI Superannuation Fund	141,940	283,880	283,880
Barclays Bank PLC – Mauritius Domestic Branch	1,622,323	540,774	-
Rs	1,764,263	3,528,525	3,528,525

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003 (CONTINUED)

19 Related party transactions (Continued)

	2003	2002	2001
	Rs	Rs	Rs

i) Payments for services rendered (Continued)

Interest on fixed deposit paid to the following related corporation:

Barclays Mauritius Staff Pension Fund	Rs <u>780,685</u>	-	-
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ii) Receipts for services rendered

Interest income:

Banque Nationale de Paris Intercontinentale (Mauritius Branch)	-	2,674	23,884
Barclays Bank PLC – Mauritius Domestic Branch	<u>3,690</u>	<u>969</u>	<u>-</u>
	Rs <u>3,690</u>	3,643	23,884

iii) Employee benefits

The following amounts were paid to the managing director, Geerish Santokhee (2002 and 2001 – Laval Leonide), and key management personnel, Kamal Taposeea (2002 and 2001 – Nil), of the Company, during the year:

	2003	2002	2001
	Rs	Rs	Rs
Total remuneration payable	958,746	724,938	573,055
Termination benefits	-	750,412	-
Other benefits	<u>552,043</u>	<u>25,966</u>	<u>155,797</u>
	Rs <u>1,510,789</u>	1,501,316	728,852

iv) Interest in the debentures

a) The direct and indirect holdings of the directors in the debentures of the Company at 31 December 2003 were:

	2003	2003	2002	2002	2001	2001
	Direct holding	Indirect holding	Direct holding	Indirect holding	Direct holding	Indirect holding
	Rs	Rs	Rs	Rs	Rs	Rs
Mr Ravindranath Ramanah	-	-	-	-	1,000	-
Mr Dayakrishna Vandynatha Chetti	-	-	-	-	1,000	2,000
Mr Jacques Désire Jocelyn Ah-Yu	-	-	-	-	150,000	60,000
Mr Kamben Pyneesamy Padayachy	-	-	1,000	-	-	-

The debentures were redeemed during the year.

b) The holdings of related corporations in the debentures of the Company at 31 December 2003 were:

	2003	2002	2001
	Rs	Rs	Rs
Banque Nationale de Paris Intercontinentale (Mauritius Branch)	-	-	27,614,000
BNPI Superannuation Fund	-	2,416,000	2,416,000
Barclays Bank PLC – Mauritius Domestic Branch	-	27,614,000	-
	Rs <u>-</u>	<u>30,030,000</u>	<u>30,030,000</u>

c) The holdings of related corporations in the fixed deposits of the Company at 31 December 2003 were:

	2003	2002	2001
	Rs	Rs	Rs
Barclays Mauritius Staff Pension Fund	Rs <u>10,000,000</u>	-	-