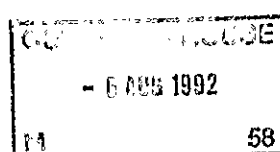


31 OCTOBER 1991

REGISTRATION NUMBER : 519068



REPORT OF THE DIRECTORS

The directors present the audited financial statements for the year ended 31 October 1991.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of unit stocking facilities for motor dealers, consumer finance for motor vehicles through instalment credit agreements and the leasing of passenger cars and other vehicles.

BUSINESS REVIEW AND RESULTS FOR THE YEAR

During the year ended 31 October 1991, the Company made a profit after taxation of £156,000 (1990 - profit £39,000). This has been deducted from the deficit brought forward on reserves of £276,000 leaving a deficit of £120,000 carried forward.

DIVIDENDS

The directors do not recommend the payment of a dividend (1990 - £Nil).

DIRECTORS

The directors who served during the year were:

D A Brown	
J L Davies	
P R King	
C I MacLeod	Resigned 31 July 1991
B J Marsh	Resigned 31 July 1991
H K Paton	Resigned 31 May 1991
D K Potts	
R L Sterry	Appointed 9 August 1991

INTERESTS IN SHARE CAPITAL

The directors' beneficial interests in ordinary shares of 25p each in the Company's ultimate parent company, TSB Group plc, at 1 November 1990 (or at date of appointment, if later) and at 31 October 1991 are shown below:

	31.10.91		1.11.90 (or date of appointment if later)	
	<u>Shares</u>	<u>Shares under Option</u>	<u>Shares</u>	<u>Shares under Option</u>
J L Davies	150	83,142	5,650	54,524
D K Potts	2,966	23,173	2,421	20,100
R L Sterry	795	23,379	3,945	23,379

The options to purchase shares were granted under the terms of the executive share option and sharesave schemes of the TSB Group, and are exercisable in normal circumstances between 1991 and 2001 at prices ranging from 96 pence to 146.5 pence per share. Increases in options shown above arose as a result of the grant of options during the year; no options were exercised.

INTERESTS IN SHARE CAPITAL (Continued)

Except as disclosed above, no director held any interests in shares or debentures of TSB Group plc or any of its subsidiary undertakings at 1 November 1990 or date of appointment, if later, or at 31 October 1991.

AUDITORS

The Company has elected under section 379A Companies Act 1985 to dispense with the obligation to appoint auditors annually. KPMG Peat Marwick as current auditors of the Company are thereby deemed to be reappointed.

By order of the board



B J MARSH
Secretary

29 July , 1992

REPORT OF THE AUDITORS, KPMG PEAT MARWICK,
TO THE MEMBERS OF PROTON FINANCE LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 October 1991 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that the financial statements do not include a statement of source and application of funds and thus do not comply with Statement of Standard Accounting Practice No. 10.

KPMG Peat Marwick

KPMG Peat Marwick

Chartered Accountants
Registered Auditor

London

29 July , 1992.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1991.

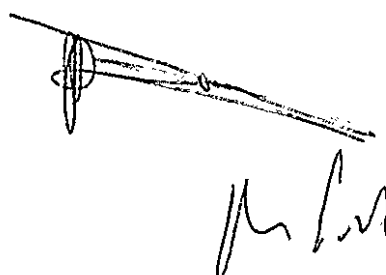
	Note	<u>1991</u> £'000	<u>1990</u> £'000
Turnover	1	166,713	113,525
Cost of sales		154,685	106,518
		<hr/>	<hr/>
Gross profit		12,028	7,007
Administrative expenses		11,804	6,932
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	224	75
Tax charge on profit on ordinary activities	5	68	36
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the financial year		156	39
Balance brought forward		(276)	(315)
		<hr/>	<hr/>
Balance carried forward		(120)	(276)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 6 to 10 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 OCTOBER 1991

	Note	<u>1991</u> £'000	<u>1990</u> £'000
CURRENT ASSETS			
Stocks (vehicles on consignment)		5,104	8,683
Debtors			
Trade debtors	6	71,975	44,350
Other debtors		310	665
		<u>77,389</u>	<u>53,698</u>
Creditors:- amounts falling due within one year			
Amounts due to intermediate parent company		77,264	53,767
Other creditors	7	245	207
		<u>77,509</u>	<u>53,974</u>
Net current liabilities		<u>(120)</u>	<u>(276)</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account		(120)	(276)
		<u>(120)</u>	<u>(276)</u>

Approved by the board of directors on 29 JULY , 1992.


) J. L. DAVIES
) Directors
) D K POTTS

The notes on pages 6 to 10 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historic cost convention, and in accordance with applicable accounting standards, except Statement of Standard Accounting Practice No. 10: the financial statements do not include a statement of source and application of funds.

Turnover

Turnover represents the total of sales, income earned on instalment credit business, interest income, rents receivable on leasing business, proceeds from the disposal of leased assets and insurance commission.

Income earned on instalment credit agreements

In the case of such business where the charges are added to the amount lent at the commencement of the period the general principle adopted for crediting income, net of commissions, to the profit and loss account is to spread the income over the period in which repayments are due in proportion to the reducing balance outstanding, using the "rule of 78".

Assets on Lease

Income from finance leases, net of commissions, is credited to the profit and loss account in proportion to the net funds invested using the actuarial method. Finance leases are included in the balance sheet as advances to customers at amounts based on the discounted value of future rentals.

Unit Stocking

Finance is provided for unit stocking on which interest is charged and taken to profit on a daily basis on balances outstanding.

Consignment Stock

Consignment stock is stated at the lower of cost and net realisable value.

Provisions for bad and doubtful debts

Specific provisions are made for advances which are recognised to be bad or doubtful. In addition, general provisions are maintained on advances not in arrears by providing for estimates of bad debt risk.

Deferred Taxation

Provision is made in the financial statements for deferred taxation arising from timing differences between the accounting and taxation treatment of assets on lease except to the extent that the potential tax liability is not expected to arise in the foreseeable future. The rates of taxation used are those which are expected to apply in the year in which the timing differences are expected ultimately to reverse.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued)

Prior Year Comparatives

Certain items included in turnover, cost of sales, administrative expenses, trade debtors, other debtors and other creditors in 1990 have been reclassified for consistency with the current year. These reclassifications have no impact on profit and do not represent changes in accounting policy.

2. INSTALMENT CREDIT ACTIVITY

- a) Cost of assets acquired for use in instalment credit and finance lease agreements.

	<u>1991</u> £'000	<u>1990</u> £'000
Instalment credit	72,141	44,394
Finance leases	62	62
	<u>72,203</u>	<u>44,456</u>

- b) Amounts receivable during the year under finance agreements.

	<u>1991</u> £'000	<u>1990</u> £'000
Instalment credit repayments	54,230	23,410
Finance lease rentals	47	28
	<u>54,277</u>	<u>23,438</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging a management fee payable to the immediate parent company of £10,190,000 (1990 - £6,088,000). The basis used to establish the management fee includes an amount for interest payable of £8,456,000 (1990 - £5,135,000). Auditors' remuneration has been borne by the immediate parent company.

4. DIRECTORS/EMPLOYEES EMOLUMENTS

None of the directors received any emoluments for services to the company during the year (1990 - £Nil).

The Company had no employees (1990 - Nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) UK Corporation Tax @ 33.4% (1990: 34%)

	<u>1991</u> £'000	<u>1990</u> £'000
Based on profit for the year	67	36
Prior year credit	(1)	-
Consortium relief in respect of prior year	2	-
	<u>68</u>	<u>36</u>

(b) Deferred Taxation

Deferred tax assets of £2,000 (1990 - £Nil) relating to accelerated capital allowances have not been recognised in these financial statements.

6. TRADE DEBTORS

	Note	<u>1991</u> £'000	<u>1990</u> £'000
Receivable on instalment credit balances	6(a)	71,591	43,910
Receivable on leased assets	6(b)	77	54
Other advances		307	386
		<u>71,975</u>	<u>44,350</u>

(a) RECEIVABLE ON
INSTALMENT CREDIT
BALANCES

	<u>Gross</u> <u>Investment</u> £'000	<u>Finance</u> <u>Charges</u> £'000	<u>Net</u> <u>Investment</u> £'000
<u>At 31 October 1991</u>			
Due within one year	38,314	9,934	28,380
Due after one year	50,644	7,433	43,211
	<u>88,958</u>	<u>17,367</u>	<u>71,591</u>
<u>At 31 October 1990</u>			
Due within one year	19,642	6,787	12,855
Due after one year	37,327	6,272	31,055
	<u>56,969</u>	<u>13,059</u>	<u>43,910</u>

(b) RECEIVABLE ON
LEASED ASSETS

	<u>Gross</u> <u>Investment</u> £'000	<u>Finance</u> <u>Charges</u> £'000	<u>Net</u> <u>Investment</u> £'000
<u>At 31 October 1991</u>			
Due within one year	44	7	37
Due after one year	52	12	40
	<u>96</u>	<u>19</u>	<u>77</u>
<u>At 31 October 1990</u>			
Due within one year	29	10	19
Due after one year	43	8	35
	<u>72</u>	<u>18</u>	<u>54</u>

7. OTHER CREDITORS

	<u>1991</u> £'000	<u>1990</u> £'000
Taxation	54	22
Other	191	185
	<u>245</u>	<u>207</u>

8. CALLED UP SHARE CAPITAL

	<u>1991</u> £	<u>1990</u> £
Authorised 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

9. FUTURE BUSINESS OPERATIONS

The immediate parent company, United Dominions Trust Limited, has informed the Company that it is its present intention to provide finance for the continued operation of the Company.

10. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is United Dominions Trust Limited which is registered in England.

The Company's ultimate parent company is TSB Group plc which is registered in Scotland. The accounts of TSB Group plc are available from the Secretary, TSB Group plc, 25 Milk Street, London, EC2V 8LU.