

REGISTERED NUMBER: 824614

UNITED DOMINIONS LEASING LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 1993



REPORT OF THE DIRECTORS

The directors present the audited financial statements for the year ended 31 October 1993.

PRINCIPAL ACTIVITY

The principal activity of the Company is the leasing of passenger cars and other vehicles, plant and equipment.

On 1 September 1993 the Company acquired a portfolio of leased assets from fellow subsidiary undertakings at the net book value of £25,839,000.

BUSINESS REVIEW AND RESULTS FOR THE YEAR

The result for the year after taxation was a loss of £93,000 (1992 after taxation and dividend - loss £1,516,000) which has been deducted from the retained profit brought forward of £169,000 leaving a retained profit of £76,000 to be carried forward.

DIVIDENDS

The directors do not recommend the payment of a final dividend (1992 - interim dividend - £1,500,000, final dividend £Nil).

DIRECTORS

The directors who served during the year were:

J L Davies

D K Potts

DIRECTORS' INTERESTS IN SHARE CAPITAL

The directors' beneficial interests in ordinary shares of 25p each in the Company's ultimate parent undertaking, TSB Group plc, at 1 November 1992 and at 31 October 1993 are shown below.

	At 31.10.1993		At 1.11.1992	
	Shares	Shares under option	Shares	Shares under option
J L Davies	150	82,771	150	113,911
D K Potts	4,780	44,333	3,963	41,785

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 1993 and 2003 at prices ranging from 96 pence to 162.5 pence per share.

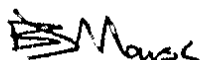
During the year the movement in options shown above arose as a result of the grant and exercise of options. Options were exercised by J L Davies 54,524 and D K Potts 13,274.

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 1992 or at 31 October 1993.

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 re-appointed.

By order of the board



B J Marsh

Secretary

22.08.1994

REPORT OF THE AUDITORS TO THE MEMBERS OF UNITED DOMINIONS LEASING LIMITED

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 October 1993, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG PEAT MARWICK

KPMG Peat Marwick

Chartered Accountants
Registered Auditors

London

25 August 1994

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1993

	Note	<u>1993</u> £'000	<u>1992</u> £'000
Turnover	1	22,173	31,666
Cost of sales		19,182	28,193
Gross profit		<u> </u>	<u> </u>
Administrative expenses	2	2,991	3,473
	3	2,963	3,485
Profit/(loss) on ordinary activities before taxation		<u> </u>	<u> </u>
		28	(12)
Tax charge on profit/(loss) on ordinary activities	4	121	4
Loss on ordinary activities after taxation for the financial year		<u> </u>	<u> </u>
		(93)	(16)
Dividends		-	1,500
Loss after taxation and dividends for the financial year		<u> </u>	<u> </u>
		(93)	(1,516)
Balance brought forward		169	1,685
Balance carried forward		<u> </u>	<u> </u>
		76	169

There are no recognised gains or losses other than those shown in the profit and loss account.

The notes on pages 6 to 9 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 OCTOBER 1993

	Note	<u>1993</u> £'000	<u>1992</u> £'000
CURRENT ASSETS			
DEBTORS			
Receivable on leased assets	5	47,923	34,234
Other debtors		1,178	37
Amounts owed by fellow subsidiary undertakings	6	6,358	1,094
		<hr/>	<hr/>
		55,459	35,365
CREDITORS: Amounts falling due within one year			
Amounts payable on finance leases		-	5,426
Trade creditors		1,944	2,748
Amounts owed to immediate parent undertaking		47,963	23,922
		<hr/>	<hr/>
		49,907	32,096
		<hr/>	<hr/>
Net liabilities due within one year		(22,274)	(14,054)
Non-current assets due after one year		27,826	17,323
		<hr/>	<hr/>
Total assets less current liabilities		5,552	3,269
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	7	(5,476)	(3,100)
		<hr/>	<hr/>
		76	169
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account		76	169
		<hr/>	<hr/>
		76	169
		<hr/>	<hr/>

Approved by the board of directors on 22 AUGUST 1994

J L Davies

D K Potts

The notes on pages 6 to 9 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) Basis of Accounting

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards. Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of an EC parent which itself prepares a cash flow statement.

(ij) Turnover

Turnover represents the total of rents receivable on leasing business.

(iii) Leasing

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 receivable on leased assets at amounts based on the discounted value of future rentals.

(iv) 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.

2. GROSS PROFIT

Gross profit is stated after taking account of the following expenses:

	<u>1993</u> £'000	<u>1992</u> £'000
Finance charges in respect of obligations under finance leases	122	611

3. ADMINISTRATIVE EXPENSES

Administrative expenses include a management fee payable to the immediate parent undertaking, United Dominions Trust Limited. The basis used to establish the management fee includes an allowance for interest of £1,737,000 (1992 - £3,141,000).

Auditors' remuneration has been borne by the Company's immediate parent undertaking. None of the directors received any emoluments for services to the Company during the year (1992 - £Nil). The Company had no employees (1992 - Nil).

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) UK Corporation Tax @ 33% (1992 - 33%)

	<u>1993</u> £'000	<u>1992</u> £'000
Current year:		
Group relief (receivable)/payable	(2,255)	579
Deferred taxation	,377	(575)
Prior year:		
Group relief payable	-	3
Deferred taxation	(1)	(3)
	<u>121</u>	<u>4</u>

Of the tax charge of £121,000, £114,000 relates to an increase of £345,000 in the general bad debt provision resulting from the acquisition of a portfolio of leased assets from fellow subsidiary undertakings.

It is anticipated that the loss for tax purposes estimated at £6,834,000 (1992 - profit £1,755,000) will be surrendered by way of group relief for full consideration.

5. (a) 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 31.10.1993</u>			
Due within one year	24,017	3,920	20,097
Due after one year	30,803	2,977	27,826
	<u>54,820</u>	<u>6,897</u>	<u>47,923</u>
	<u>Gross</u> <u>Investment</u> £'000	<u>Finance</u> <u>Charges</u> £'000	<u>Net</u> <u>Investment</u> £'000
<u>At 31.10.1992</u>			
Due within one year	19,621	2,710	16,911
Due after one year	19,174	1,851	17,323
	<u>38,795</u>	<u>4,561</u>	<u>34,234</u>

	<u>1993</u> £'000	<u>1992</u> £'000
(b) Assets purchased in the year for use in finance leases: purchased	39,680	10,913
leased	3,155	17,688
Lease rentals receivable during the year	22,173	31,666

6. AMOUNTS OWED BY FELLOW SUBSIDIARY UNDERTAKINGS

The amount owed by fellow subsidiary undertakings of f6,358,000 (1992 - f1,094,000) consists entirely of group relief receivable.

7. DEFERRED TAXATION

	<u>1993</u> £'000
At 1 November 1992	3,100
Charge/(credit) to profit and loss account:	
- current year	2,377
- prior year	(1)
At 31 October 1993	<u>5,476</u>

The provision for deferred taxation which relates entirely to timing differences arising in respect of accelerated capital allowances, represents the full potential liability.

8. CALLED UP SHARE CAPITAL

	<u>1993</u> £	<u>1992</u> £
Authorised 100 ordinary shares of £1 each	100	100
Allotted called up and fully paid 100 ordinary shares of £1 each	100	100

9. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is United Dominions Trust Limited which is registered in England and Wales. The consolidated accounts of United Dominions Trust Limited are available from the Secretary, United Dominions Trust Limited, 116 Cockfosters Road, Barnet, Herts, EN4 ODY.

The Company's ultimate parent undertaking is TSB Group plc which is registered in Scotland. The consolidated accounts of TSB Group plc are available from the Secretary, TSB Group plc, 60 Lombard Street, London, EC3V 9DN.