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UNITED DOMINIONS LEASING LIMITED

31 OCTOBER 1985

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UNITED DOMINIONS LEASING LIMITED

REPORT OF THE DIRECTORS

The directors present the audited accounts for the year to 31 October 1985.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW AND RESULTS FOR THE YEAR

The company continued to expand its leasing activities principally in respect of fleet vehicles.

The result for the year after extraordinary items, taxation and charge for management expenses made by the intermediate holding company was a profit of £2,105,714 (1984 loss - £876,817) which has been added to the accumulated deficit brought forward of £391,828 leaving a positive balance of £1,713,886 to be carried forward.

The directors do not recommend the payment of a dividend.

DIRECTORS

DC McCrickard
FJ Randall

DIRECTORS' INTERESTS IN STOCKS AND SHARES

Apart from that disclosed in the Report of the Directors of United Dominions Trust Limited, no person who was a director of the company at the end of the period under review held any interest (as defined by the Companies Act 1985 and according to the register maintained thereunder) at 1 November 1984 or at 31 October 1985 in the shares of the company's ultimate holding company, Trustee Savings Banks (Holdings) Limited, or in the shares or debentures of any of that company's subsidiaries.

AUDITORS

It is proposed that Peat, Marwick, Mitchell & Co, be re-appointed auditors of the company.

BY ORDER OF THE BOARD


JC THORNHILL
Secretary

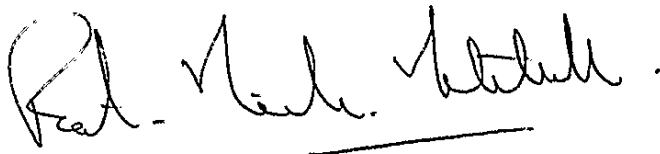
9th January 1986

AUDITORS' REPORT TO THE MEMBERS OF
UNITED DOMINIONS LEASING LIMITED

We have audited the accounts on pages 3 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 5 give a true and fair view of the state of the company's affairs at 31 October 1985 and of its result for the year to that date and comply with the Companies Act 1985.

The accounts do not include a statement of the source and application of funds of the company as required by Statement of Standard Accounting Practice No. 10.



PEAT, MARWICK, MITCHELL & Co.

Chartered Accountants

London

9th January 1986

UNITED DOMINIONS LEASING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE TWELVE MONTHS ENDED 31 OCTOBER

	<u>1985</u>	<u>1984</u>
	£	£
Turnover (Note 1)	12,739,974	36,307,516
Cost of sales	<u>8,339,636</u>	<u>32,594,204</u>
Gross profit	4,400,338	3,713,312
Administrative expenses (Note 2)	<u>927,000</u>	<u>2,110,000</u>
Operating profit (Note 3)	3,473,338	1,603,312
Interest payable and similar charges (on borrowings repayable within five years)	<u>1,793,258</u>	<u>1,542,657</u>
Profit on ordinary activities before taxation	1,680,080	60,655
Tax on profit on ordinary activities (Note 4)	<u>(425,634)</u>	<u>(211,238)</u>
Profit on ordinary activities after taxation and before extraordinary charges	2,105,714	271,893
Extraordinary charges (Note 5)	<u>-</u>	<u>1,148,710</u>
Profit/(Loss) for the financial year	2,105,714	(876,817)
Balance brought forward	<u>(391,828)</u>	<u>484,989</u>
Balance carried forward	<u>1,713,886</u>	<u>(391,828)</u>

The notes on pages 5 to 7 form an integral part of these accounts.

UNITED DOMINIONS LEASING LIMITED

BALANCE SHEET AS AT 31 OCTOBER

	1985	1984
	£	£
CURRENT ASSETS		
DEBTORS		
Receivable on leased assets 31,194,984 (Note 6)		39,770,401
Amounts owed by fellow subsidiary companies	4,309,000	1,945,000
Trade debtors	598,101	791,205
	<u>36,102,085</u>	<u>42,506,606</u>
CREDITORS: Amounts falling due within one year		
Trade creditors	116,066	377,502
Bills of exchange payable	12,000,000	19,500,000
Amounts owed to holding company	19,537,901	13,214,259
Future Lease Payments (Note 7)	387,239	5,896,086
	<u>32,041,206</u>	<u>38,987,847</u>
Net current assets	<u>4,060,879</u>	<u>3,518,759</u>
Total assets less current liabilities	4,060,879	3,518,759
CREDITORS Amounts falling due after more than one year		
Future lease payments (Note 7)	558,421	1,028,015
PROVISION FOR LIABILITIES AND CHARGES		
Deferred tax (Note 4)	1,788,472	2,882,472
	<u>£1,713,986</u>	<u>£(391,728)</u>
CAPITAL AND RESERVES		
Called up share capital		
Authorised, issued and fully paid 100 shares of £1 each	100	100
Profit and loss account	<u>1,713,886</u>	<u>(391,828)</u>
	<u>£1,713,986</u>	<u>£(391,728)</u>

DIRECTORS

DC McCrickard
FJ Randall

9th January 1986

The notes on pages 5 to 7 form an integral part of these accounts.

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(i) Basis of Accounting

The accounts have been prepared under the historical cost convention.

(ii) Turnover

Turnover represents the total of rents receivable on leasing business.

(iii) Deferred Taxation

Provision is made in the accounts for timing differences arising from the accounting and taxation treatment of depreciation 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 are those which are expected to apply in the year in which the timing differences are anticipated ultimately to reverse.

(iv) Receivable on leased assets

Finance leases are shown under current assets at amounts receivable less unearned finance charges, which are spread over the period in which the rentals are due in proportion to the reducing rentals still outstanding and not yet due.

(v) Profit before taxation

Subject to the exception outlined below the profit after taxation from each lease referred to in (iv) above is grossed up at the prevailing rate of corporation tax. In order to give effect to this policy in a period of falling corporation tax rates, part of the tax relief obtained on purchase of the assets is transferred from deferred tax to receivable on leased assets in the year of purchase, calculated by reference to the savings in tax which will result from the prospective reduction in rate of corporation tax.

This policy is not applied to individual transactions where the gross investment at the commencement of the lease is small, and the effect of grossing is considered to be insignificant

2. ADMINISTRATIVE EXPENSES

The administrative expenses represent a management fee paid to the intermediate holding company, United Dominions Trust Limited. The basis used to establish the management fee includes an allowance for interest of £666,000 (1984 £1,119,000).

The company has no employees in its own name.

3. OPERATING PROFIT

The following has been taken into account in arriving at the profit:

	<u>1985</u>	<u>1984</u>
Profit on disposal of leased assets	<u>£3,115,008</u>	<u>£2,393,875</u>

UNITED DOMINIONS LEASING LIMITED
NOTES TO THE ACCOUNTS (Continued)

4. TAXATION

(a) Current year charge

	<u>1985</u> £	<u>1984</u> £
UK Corporation tax:		
Current	-	-
Deferred	(398,000)	1,733,762
Based on result for the year	(398,000)	1,733,762
Group relief receivable for		
surrender of prior year losses	(27,634)	(1,945,000)
	<u>(425,634)</u>	<u>(211,238)</u>

The credit for deferred taxation of £398,000 takes into account relief in respect of Advance Corporation Tax previously written off amounting to £1,208,000

No charge has been made for corporation tax on the taxable profits for the year since any liability (£190,666) will be covered in full by group relief and it is anticipated that no payment will be made.

(b) Deferred tax provision

Timing differences on leased assets

	<u>Amount provided £</u>	<u>Potential liability £</u>
At 1st November 1984	2,882,472	2,882,472
Provided in respect of prior years (Note 5)	452,000	
Provided for current year (Note 4)	(850,000)	
Benefit of reducing tax rates	(696,000)	
	<u>1,788,472</u>	<u>1,788,472</u>

5. EXTRAORDINARY CHARGES

	<u>1985</u> £	<u>1984</u> £
Deferred taxation - prior year	-	1,148,710
	-	1,148,710

The charge for the prior year's deferred taxation arises from the necessity to provide for deferred taxation as a result of the changes contained in the Finance Act 1984..

The provision assumes an effective rate of 35% at the time of reversal.

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS - (Continued)

6. RECEIVABLE ON LEASED ASSETS	Gross Investment £	Finance Charges £	Net Investment £
At 31 October 1985			
Due within one year	14,973,746	3,424,433	11,549,313
Due after one year but within five years	<u>21,418,568</u> <u>36,392,314</u>	<u>1,772,897</u> <u>5,197,330</u>	<u>19,645,671</u> <u>31,194,984</u>
At 31 October 1984			
Due within one year	24,480,943	4,689,306	19,791,637
Due after one year but within five years	<u>22,704,764</u> <u>47,185,707</u>	<u>2,726,000</u> <u>7,415,306</u>	<u>19,978,764</u> <u>39,770,401</u>
		<u>1985</u>	<u>1984</u>
Assets purchased in the year for use in finance leases		£18,974,317	£27,569,385
Net lease rentals receivable in the year		£12,739,974	£38,704,442
7. FUTURE LEASE PAYMENTS	Future Gross Payments £	Future Finance Charges £	Future Net Payments £
At 31 October 1985			
Due within one year	434,704	47,465	387,239
Due after one year but within five years	<u>586,040</u> <u>1,020,744</u>	<u>27,619</u> <u>75,084</u>	<u>558,421</u> <u>945,660</u>
At 31 October 1984			
Due within one year	6,477,095	581,009	5,896,086
Due after one year but within five years	<u>1,129,016</u> <u>7,606,111</u>	<u>101,001</u> <u>682,010</u>	<u>1,028,015</u> <u>6,924,101</u>
Total		<u>1985</u>	<u>1984</u>
Net lease rentals payable in the year		£(7,761,956)	£13,250,242

8. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Trustee Savings Banks (Holdings) Limited which is incorporated in Great Britain.