UNITED DOMINIONS LEASING LIMITED DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31 OCTOBER 1990

Company Registration No. 824614

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REPORT OF THE DIRECLORS

The directors present the audited financial statements for the year ended 31 October 1990.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW AND RESULTS FOR THE YEAR

The result for the year after taxation and "harge for management expenses was a profit of £68,000 (1989: £94,000). This has been added to the balance brought forward on reserves of £1,127,000 leaving a balance of £1,195,000 carried forward.

The directors do not recommend the payment of a dividend (1989: fNil).

DIRECTORS

The directors during the year were:

J	L	Davies	Appointed 16 March 1990
H	K	Paton	Resigned 16 March 1990
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D K Potts

INTERESTS IN SHARE CAPITAL

The directors' interests in ordinary shares of 25p each in the Company's ultimate holding Company, TSB Group plc as at 1 November 1985 or date of appointment, if later, or at 31 October 1990 are shown below:

	31.10.90		1.11.89 (or date of appointment, if later)	
	Shares	Shares under Option	Shares	Shares under Option
J L Davies D K Potts	5,650 2,421	54,524 20,100	5,650 1,739	54,524 17,024

The options to purchase the shares shown above were granted under the terms of the executive share option and sharesave schemes of TSB Group plc and are exercisable in normal circumstances between 1991 and 2000 at prices varying from 96p to 136p per share.

Report of the Directors (Continued.)

Except as disclosed above, no director held any interest in shares or debentures of TSB Group plc or any of its subsidiaries at 1 November 1989 or at the date of appointment, if later, or at 31 October 1990.

AUDITORS

A resolution for the reappointment of KPMG Peat Marwick McLintock as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board

HS Marse

B J MARSH Secretary

8 January, 1991

AUDITORS' REPORT TO THE MEMBERS OF UNITED DOMINIONS LEASING LIMITED

We have audited the financial statements c° pages 4 to 9 in accordance with Arditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 October 1990 and of 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.

Wine low Manin Ma Little

KPMG Pest Marwick McLintock Chartered Accountants London

8 January, 1991

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1990

	E.1200	<u>1989</u> £1000
Turnover (Note 1)	24.802	21 000
Cost of sales	21,261	21,858 18,865
Gross profit	3,541	2,993
Administrative expenses (Note 2)	3,416	2,814
Operating profit	125	179
Interest payable on borrowings from group companies Profit on ordinary activities	****	21
perore caxacton	125	158
Tax on profit on ordinary activities	5 %	
after taxation	68	94
alance brought forward	1,127	1,033
alance carried forward	1,195	1,127

The notes on pages 6 to 9 form on integral part of these lines tal statements.

BALANCE SHEEZ AS AT 31 OCTOBER 1990	<u>1990</u> £'000	1989 £'000
CURRENT ASSETS Debtors		
Receivable on leased assets (Note 4) Amounts due from fellow subsidiaries Trade debtors	38,219 4,745 1,346	32,955 3,617 515
	44,310	37,087
Creditors: amounts felling due within one yes	ır	
Trade creditors Amounts due to intermediate holding	984	1,270
company	38,104	30,653
	39.088	31,923
Net Current Assets	5,222	5,164
PROVISION FOR LIABILITIES AND CHARGES		
Deserred taxation (Note 3)	4,026	4,036
	1,196	1,128
	The state of the s	CTYPE PT made/side All-Promptos. size- of a promptos the size was
CAFITAL AND RESERVES		
Called up share capital (Note 6)	1	1
Profit and loss account	1 195	1,127
	1.196	1,128
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Approved by the board of directors on 8 January	ry, 1991 Trectors	COMPANAS HOUSE 34 JUL 1901 M 83

Tre notes on pages 6 to 9 form an integral part of these fine cial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

(ii) Turnover

Turnover represents the total of rents receivable on leasing business net of early settlement rebates.

(iii) Receivable on Leased Assets

Finance leases are shown under current assets as amounts receivable less unearned finance charges, which are spread over the period in which the rentals are due in proportion to the net cash investment.

(iv) Deferred Taxation

Provision is made in the financial statements for deferred taxation arising from timing differ nees 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.

ADMINISTRATIVE EXPENSES

The administrative expenses include 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 payable of f2,739,000 (1989: £1,701,000).

Auditors' renumeration has been borne by the intermediate holding company. None of the directors received any emoluments for services to the company during the year (1989: Nil).

NOTES TO THE ACCOUNTS (Continued)

3. TAXATION

		many in play or the City	
		(57)	(64)
	Deferred taxation - current year Group relief - on current year (profit)/loss	10 (67)	(685) 621
(a)	UK Corporation Tax @ 35% (1989 - 35%)	<u>1990</u> £'000	1989 £'000

It is anticipated that the profits for tax purposes estimated at £190,000 (1989 loss: £1,774,000) will be relieved by way of group relief for full consideration.

(b) Deferred taxation

Timing differences on leased assets

	Amount P provided 1 £'000	
At 1 November 1989	4,036	4.036
Provided for current Year	(10)	
At 31 October 1990	4,026	4,026
No 32 document and	E. A. Sammeron graduature a.c.	September September

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NOTES TO THE ACCOUNTS - (Continued)

4. RECEIVABLE ON LEASED ASSETS

		Gross Investment £'000	Finance Charges £'000	Net Investment £'000
	At 31 October 1990	1. 000	1 000	1 000
	Due within one year	21,648	4,977	16,671
	Due after more than one year	25,32%	3.781	21,548
		46,977	8,758	38,219
		शंक्कशत्राचा*शः प्रणे सम्बद्धानश्चर ६० चर्चा स्थर	THE THE CONTROL OF TH	grafiant for a septiment of the control of the cont
	At 31 October 1989			
	Due within one year	21,712	3,250	18,462
	Due after more than one year	16,626	2,133	14,493
		38,338	5,383	32,955
		ಕರ್ನಾಡಿಸಿ ಸಂಗಡಿಸಿ ಸ್ಥಾಪ ಮತ್ತು ಬಿಡುವಾಗಿ	LSC 1-19 SEASON STATES	SAIDAT U-M W CARDAGUT BOOK A CA APART Propin
			1990	1989
	Assets purchases in the year		£,000	\$,000
	for use in Finance leases		31,381	24,028
			MACHINE COMMENSATION OF THE PROPERTY OF THE PR	Manager granderlands distance by mercury data to the market grander
	Lease rentals receivable in the	e year	24,802	19,951
			Marchen A. Callerina (これでは、 対は、Park A. Callerina (これでは、 は、 は、 は、 は、 は、 は、 は、 は、 は、	CONTRACTOR AND AND PARTY OF THE PROPERTY OF THE PARTY OF
5.	FUTURE LEASE PAYMENTS			
			£.000	1989 £'000
	Net lease rentals payable in the	ne year	~	19
		•	particle of the	Salar Francisco

NOTES TO THE ACCCUNTS - (Continued)

6.	SHARE CAPITAL	19 <u>90</u> £	1 <u>989</u> £
	Authorised - 100 ordinary	.	
	shares of fl each	100	100
	Issued and fully paid -	ত পর্যাপ্ত এক ব এটক কিবছিলকা	mentions provide principal state in
	100 ordinary shares il each	100	100
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7. ULTIMATE HOLDING COMP! WY

The company's ultimate holding company is TSB Group plc which is registered in Scotland.