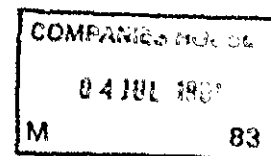


UNITED DOMINIONS LEASING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 OCTOBER 1990

Company Registration No. 824614



REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

* 1. Dams

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 1984 or date of subsequent resolution or at 31 October 1990 are shown below:

	31.10.90		1.11.89 (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	5,650	54,524	5,650 54,524
P K Potts	2,421	20,100	1,739 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.

UNITED DOMINIONS LEASING LIMITED

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



B J MARSH
Secretary

8 January, 1991

15-07791

AUDITORS' REPORT TO THE MEMBERS OF
UNITED DOMINIONS LEASING LIMITED

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

K/MC 16th March McLintock

KPMG Peat Marwick McLintock
Chartered Accountants
London

8 January, 1991

- 3 -

UNITED DOMINIONS LEASING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1990

	<u>1990</u>	<u>1989</u>
	£'000	£'000
Turnover (Note 1)	24,802	21,858
Cost of sales	21,261	18,865
Gross profit	<u>3,541</u>	<u>2,993</u>
Administrative expenses (Note 2)	3,416	2,814
Operating profit	<u>125</u>	<u>179</u>
Interest payable on borrowings from group companies	-	21
Profit on ordinary activities before taxation	<u>125</u>	<u>158</u>
Tax on profit on ordinary activities (Note 3)	57	64
Profit on ordinary activities after taxation	<u>68</u>	<u>94</u>
Balance brought forward	1,127	1,033
Balance carried forward	<u>1,195</u>	<u>1,127</u>

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

UNITED DOMINION'S LEASING LIMITED

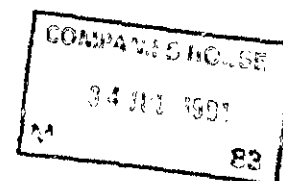
BALANCE SHEET AS AT 31 OCTOBER 1990

	<u>1990</u> £'000	<u>1989</u> £'000
CURRENT ASSETS		
Debtors		
Receivable on leased assets (Note 4)	38,219	32,955
Amounts due from fellow subsidiaries	4,745	3,617
Trade debtors	1,346	515
	<hr/>	<hr/>
	44,310	37,087
	<hr/>	<hr/>
Creditors: amounts falling due within one year		
Trade creditors	984	1,270
Amounts due to intermediate holding company	38,104	30,653
	<hr/>	<hr/>
	39,088	31,923
	<hr/>	<hr/>
Net Current Assets	5,222	5,164
	<hr/>	<hr/>
PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation (Note 3)	4,026	4,036
	<hr/>	<hr/>
	1,196	1,128
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Called up share capital (Note 6)	1	1
Profit and loss account	1,195	1,127
	<hr/>	<hr/>
	1,196	1,128
	<hr/>	<hr/>

Approved by the board of directors on 8 January, 1991

[Signature]

)
) Directors
)



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

UNITED DOMINIONS LEASING LIMITED
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 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. 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 £2,739,000 (1989: £1,701,000).

Auditors' remuneration 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).

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. TAXATION

(a) UK Corporation Tax @ 35% (1989 - 35%)

	<u>1990</u> £'000	<u>1989</u> £'000
Deferred taxation - current year	10	(685)
Group relief - on current year (profit)/loss	(67)	621
	<u>(57)</u>	<u>(64)</u>

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

	<u>Amount provided</u> £'000	<u>Potential liability</u> £'000
At 1 November 1989	4,036	<u>4,036</u>
Provided for current Year	(10)	
At 31 October 1990	<u>4,026</u>	<u>4,026</u>

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS - (Continued)

4. RECEIVABLE ON LEASED ASSETS

	<u>Gross Investment</u> £'000	<u>Finance Charges</u> £'000	<u>Net Investment</u> £'000
At 31 October 1990			
Due within one year	21,648	4,977	16,671
Due after more than one year	25,324	3,781	21,548
	<u>46,972</u>	<u>8,758</u>	<u>38,219</u>

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
	<u>38,338</u>	<u>5,383</u>	<u>32,955</u>

	<u>1990</u> £'000	<u>1989</u> £'000
Assets purchases in the year for use in finance leases	31,381	24,028
Lease rentals receivable in the year	24,802	19,951

5. FUTURE LEASE PAYMENTS

	<u>1990</u> £'000	<u>1989</u> £'000
Net lease rentals payable in the year	-	19

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS - (Continued)

6. SHARE CAPITAL	1990	1989
	f	f
Authorised - 100 ordinary shares of f1 each	100	100
Issued and fully paid - 100 ordinary shares f1 each	100	100

7. ULTIMATE HOLDING COMPANY

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