

#2464

UNITED DOMINIONS LEASING LIMITED

31 OCTOBER 1989

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UNITED DOMINIONS LEASING LIMITED

REPORT OF THE DIRECTORS

The directors present the audited accounts for the year ended 31 October 1989.

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 its leasing activities principally in respect of fleet vehicles.

The result for the year after taxation and charge for management expenses made by the intermediate holding company was a profit of £94,000 (1988 £1,416,000) which has been added to the surplus brought forward of £1,033,000 leaving a surplus of £1,127,000 to be carried forward.

The directors do not recommend the payment of a dividend (1988 FNIL).

DIRECTORS

F J Randall	Resigned 1 June 1989
H K Paton	
D K Potts	Appointed 1 June 1989

DIRECTORS' 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 1988 (or date of appointment if later) and at 31 October 1989 are shown below.

	31.10.89		1.11.88 (or date of appointment, if later)	
	<u>Shares</u>	<u>Shares under Option</u>	<u>Shares</u>	<u>Shares under Option</u>
H K Paton	3,149	75,847	2,999	44,247
D K Potts	1,739	17,024	1,739	3,750

The options to purchase the shares shown above were granted under the terms of the executive share option and sharesave schemes of TSB Group and are exercisable in normal circumstances between 1991 and 1999 at prices varying from 96p to 125p per share.

UNITED DOMINIONS LEASING LIMITED

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 1988 (or at the date of appointment if later) or at 31 October 1989.

AUDITORS

On 1 January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment 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

19.03.1990

09-5-90

AUDITORS' REPORT TO THE MEMBERS OF
UNITED DOMINIONS LEASING LIMITED

We have audited the accounts on pages 4 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 October 1989 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.

Y/Mc Mr Mamed Al-Dabbas

19 April 1990

Chartered Accountants
London

UNITED DOMINIONS LEASING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1989

	<u>1989</u>	<u>1988</u>
	£'000	£'000
Turnover (Note 1)	21,858	18,777
Cost of sales	(18,865)	(16,328)
Gross profit	<u>2,993</u>	<u>2,449</u>
Administrative expenses (Note 2)	(2,814)	(1,997)
Operating profit	<u>179</u>	<u>452</u>
Interest payable and similar charges (on borrowings repayable within five years)	(21)	(375)
Profit on ordinary activities before taxation	<u>158</u>	<u>77</u>
(Tax)/Tax Credit on profit on ordinary activities (Note 3)	(64)	1,339
Profit on ordinary activities after taxation for the financial year	<u>94</u>	<u>1,416</u>
Balance brought forward	1,033	(383)
Balance carried forward	<u><u>1,127</u></u>	<u><u>1,033</u></u>

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

UNITED DOMINIONS LEASING LIMITED

BALANCE SHEET AS AT 31 OCTOBER

	<u>1989</u> £'000	<u>1988</u> £'000
CURRENT ASSETS		
Debtors		
Receivable on leased assets (Note 4)	32,955	20,718
Amounts owed by fellow subsidiaries	3,617	9,543
Trade debtors	515	176
	<u>37,087</u>	<u>30,437</u>
 CREDITORS: Amounts falling due within one year		
Trade creditors	1,270	252
Bills of exchange payable	-	3,000
Amounts owed to intermediate holding company	30,653	22,450
Future Lease Payments (Note 5)	-	19
Corporation tax	-	331
	<u>31,923</u>	<u>26,052</u>
 Net Current Assets	5,164	4,385
 PROVISION FOR LIABILITIES AND CHARGES		
Deferred tax (Note 3)	4,036	3,351
	<u>1,128</u>	<u>1,034</u>
 CAPITAL AND RESERVES		
Called up share capital (Note 6)	1	1
Profit and loss account	1,127	1,033
	<u>1,128</u>	<u>1,034</u>

Approved by the board of directors on 19TH MARCH 1990

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) Directors
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The notes on pages 6 to 9 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 net of early settlement rebates.

(iii) Deferred Taxation

Provision is made in the accounts 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 are those which are expected to apply in the year in which the timing differences are expected ultimately to reverse.

(iv) Receivable on Leased Assets

Finance leases are shown under current assets as rentals due, plus anticipated residual values less the income allocated to future periods. Income on finance leases is allocated to accounting periods in proportion to the net cash investment in those leases.

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 of £1,701,000 (1988 £1,842,000).

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 (1988 NIL).

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. TAXATION

(a) Current year charge

	1989 £'000	1988 £'000
UK Corporation tax: @35%		
Deferred		(481)
Group Relief - on current year profit	621	486
- prior year adjustment	<u>---</u>	<u>1,334</u>
		1,820
Based on result for the year		<u>(64)</u>
		<u>1,339</u>

It is anticipated that the losses for tax purposes estimated at £1,774,000 will be surrendered to other group companies by way of group relief for full consideration.

(b) Deferred tax provision

Timing differences on leased assets

	Amount <u>provided</u> £'000	Potential <u>liability</u> £'000
At 1 November 1988	3,351	<u>3,351</u>
Provided for Current Year	685	
At 31 October 1989	<u>4,036</u>	<u>4,036</u>

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS - (Continued)

4. RECEIVABLE ON LEASED ASSETS

	Gross Investment £'000	Finance Charges £'000	Net Investment £'000
At 31 October 1989			
Due within one year	21,692	3,250	18,442
Due after more than one year	16,526	2,133	14,493
	<u>38,318</u>	<u>5,383</u>	<u>32,935</u>
At 31 October 1988			
Due within one year	11,808	2,086	9,722
Due after more than one year	12,431	1,435	10,996
	<u>24,239</u>	<u>3,521</u>	<u>20,718</u>
		<u>1989</u>	<u>1988</u>
		£'000	£'000
Assets purchases in the year for use in finance leases		24,028	20,896
Lease rentals receivable in the year		<u>19,951</u>	<u>18,777</u>

5. FUTURE LEASE PAYMENTS

	Future Gross Payments £'000	Future Finance Charges £'000	Future Net Payments £'000
At 31 October 1989	-	-	-
At 31 October 1988			
Due within one year	18	(1)	19
Due after more than one year	-	-	-
Total	<u>18</u>	<u>(1)</u>	<u>19</u>
		<u>1989</u>	<u>1988</u>
		£'000	£'000
Net lease rentals payable in the year		19	203

UNITED DOMINIONS LEASING LIMITED

6.	SHARE CAPITAL	<u>1989</u>	<u>1988</u>
		£	£
	Authorised 100 ordinary shares of £1 each	100	100
		—	—
	Issued and fully paid 100 ordinary shares £1 each	100	100
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7. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is TSB Group plc which is incorporated in Great Britain.