

Registered Number 830653

**FTMF LEASING MARCH (B) LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 1996**



# FTMF LEASING MARCH (B) LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1996

### RESULTS

The results for the year ended 31 March 1996 are incorporated within the accompanying profit and loss account.

The Directors do not recommend the payment of a dividend.

### PRINCIPAL ACTIVITIES

The Company undertakes leasing services for commercial and industrial customers in the public and private sectors. No change in the Company's activities is anticipated.

### DIRECTORS

The Directors of the Company who held office at 31 March 1996 served throughout the year. Their names and interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, as required to be disclosed under the Companies Act 1985, are set out below:

### DIRECTORS' INTERESTS IN SHARES OF HSBC HOLDINGS PLC

	At 1 April 1995			At 31 March 1996		
	Shares	Options	Bonds	Shares	Options	Bonds
D W Gilman	764	28,645	-	10,750	10,535	-
T V Holmes	3,417	4,476	646	2,762	4,476	-
G E Picken	3,431	65,168	-	3,521	21,273	-
K V Smithson	-	-	-	-	-	-
M J Topping	2,418	491	-	2,418	491	-

During the year options over shares were granted/exercised as follows:

	<u>Granted</u>	<u>Exercised</u>
D W Gilman	1,273	19,383
G E Picken	3,183	47,078

## FTMF LEASING MARCH (B) LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' statement of their responsibilities is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The Directors are required to prepare the financial statements on the going concern basis unless it is not appropriate. Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### PAYMENT OF CREDITORS

It is the Company's payment policy for the year to 31 March 1997 to agree terms with suppliers. Usually these terms will be the terms stated by the supplier; where this is not the case, terms of payment will be settled with the supplier when agreeing the terms of the transaction. Therefore all suppliers will know the terms upon which payment will be made and it is the Company's policy to abide by these terms.

### AUDITORS

KPMG resigned as auditors of the Company on 1 August 1996 and KPMG Audit Plc were appointed auditors of the Company in their place.

Registered Office:  
12 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1QZ

By Order of the Board



J H McKenzie  
Secretary

Date: **27 JAN 1997**

**REPORT OF THE AUDITORS TO THE MEMBERS OF FTMF LEASING MARCH (B) LIMITED**

We have audited the financial statements on pages 4 to 10.

**Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our 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 at 31 March 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*29/1/97*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Birmingham

**FTMF LEASING MARCH (B) LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996**

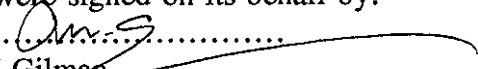
	Notes	1996 £	1995 £
Turnover		2,206,939	2,439,634
Administrative expenses	2	(306,885)	(509,633)
Interest payable	3	(1,822,690)	(1,639,937)
		-----	-----
<u>Profit on ordinary activities before taxation</u>		77,364	290,064
Taxation (charge)/credit on profit on ordinary activities	4	(77,364)	683,715
		-----	-----
<u>Profit on ordinary activities after taxation</u>		-	973,779
Dividend	5	-	(973,779)
		-----	-----
Retained for the financial year		-	-
Reserves brought forward at 1 April		-	-
		-----	-----
Reserves carried forward at 31 March		-	-
		-----	-----

There are no material acquisitions and no discontinued operations during the financial year. There have been no other recognised gains or losses other than the profit for the financial year as stated above.

**FTMF LEASING MARCH (B) LIMITED****BALANCE SHEET AS AT 31 MARCH 1996**

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors	6		
Amounts falling due within one year:			
Lease agreements		13,074,703	17,366,879
Other debtors		13,000	14,544
		-----	-----
		13,087,703	17,381,423
Amounts falling due after more than one year:			
Lease agreements		8,896,571	18,971,441
Advance corporation tax recoverable		63,670	-
		-----	-----
		8,960,241	18,971,441
		-----	-----
TOTAL ASSETS		22,047,944	36,352,864
CREDITORS: Amounts falling due within one year			
Amounts owed to parent undertakings		21,210,684	34,278,263
Proposed dividend	5	-	973,779
Value added tax		546,258	529,708
Other creditors		140	-
		-----	-----
		21,757,082	35,781,750
TOTAL ASSETS LESS CURRENT LIABILITIES		290,862	571,114
PROVISIONS FOR LIABILITIES AND CHARGES	7	(285,862)	(566,114)
		-----	-----
NET ASSETS		5,000	5,000
		-----	-----
CAPITAL AND RESERVES			
<u>Called up share capital</u>		5,000	5,000
	9	-----	-----
		5,000	5,000
		-----	-----

The financial statements were approved by the board of directors on  
and were signed on its behalf by:

.....

D W Gilman  
Director

**27 JAN 1997**

## **FTMF LEASING MARCH (B) LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **1 ACCOUNTING POLICIES**

The accounting policies adopted by the Company are set out below:

a) **Accounting Convention**

The financial statements have been prepared under the historical cost convention and are in compliance with applicable accounting standards.

In accordance with the provisions of Section 8 of Financial Reporting Standard number 1, the Company is exempt from preparing a cash flow statement because it is a wholly owned subsidiary undertaking of a parent undertaking registered in England and Wales which prepares a cash flow statement.

b) **Income Release**

Income from leasing contracts is credited to the profit and loss account in proportion to the funds invested.

Leasing balances are stated in the balance sheet after the deduction of unearned charges.

c) **Turnover**

Turnover represents the amount (excluding value added tax) derived from finance leases. This business is operated entirely within the United Kingdom.

d) **Bad Debts**

Lease agreements in debtors are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

e) **Taxation**

Deferred taxation is calculated on the liability method, on all timing differences to the extent that they are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is estimated that tax will be payable. The Company is able to participate in arrangements whereby tax losses may be surrendered for nil consideration by other group undertakings, which will support any residual liability.

## **FTMF LEASING MARCH (B) LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **2 ADMINISTRATIVE EXPENSES**

Administrative expenses include £295,222 (1995 £474,517) in respect of group management charges.

The directors made no charge for their services. Audit fees are borne by another group undertaking.

The Company has no employees.

#### **3 INTEREST PAYABLE**

Interest payable was due to parent undertakings.

#### **4 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

The charge for taxation comprises:

	1996 £	1995 £
Group relief (payable)/receivable		
- current year	(715,268)	8,946
- prior year	197,651	184,358
Discount on purchase of group relief	100,996	-
Deferred taxation		
- current year	472,298	609,781
- prior year	(128,376)	(119,370)
Transfer to tax credit equalisation	(4,665)	-
	<u>(77,364)</u>	<u>683,715</u>

For the year ended 31 March 1996, the impact of reassessing the value of advance corporation tax offset within deferred tax, as set out in note 7, has been to decrease the deferred tax credit by £52,143 (1995 increase by £95,079).



**FTMF LEASING MARCH (B) LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS**

**5 DIVIDEND**

	1996 £	1995 £
Proposed dividend	- -----	973,779 -----

**6 DEBTORS**

Lease agreements.

During the period assets valued at £942,480 (1995 £14,693,642) were acquired for use in finance lease agreements.

The balances outstanding on lease agreements, all of which are finance leases, are stated after deducting unearned charges of £1,953,286 (1995 £4,315,032).

Aggregate lease rentals receivable in the financial year were £11,143,319 (1995 £10,593,809).

**7 PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation provided:	£
Balance at 1 April 1995	566,114
Transfer to profit and loss account	(280,252) -----
Balance at 31 March 1996	285,862 -----

# **FTMF LEASING MARCH (B) LIMITED**

## **NOTES ON THE FINANCIAL STATEMENTS**

### **7 PROVISIONS FOR LIABILITIES AND CHARGES (Continued)**

The balance at the end of the year consists of deferred taxation relating to:

	1996 £	1995 £
Leasing transactions	725,649	1,058,044
Advance corporation tax recoverable	(439,787)	(491,930)
	-----	-----
	285,862	566,114
	-----	-----
Potential deferred taxation not provided:		
Leasing transactions	341,870	514,737
Advance corporation tax recoverable	(123,213)	(71,070)
	-----	-----
	218,657	443,667
	-----	-----

The Company has made arrangements with its parent undertaking for the surrender of advance corporation tax. Potential deferred tax includes the excess of the recoverable value over the value of ACT reflected within the balance sheet. The Directors regularly review the value of ACT offset within deferred tax and the assumptions implicit therein being principally the projected timing of utilisation of the ACT and future interest rates.

### **8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Profit on ordinary activities after taxation	-	973,779
Dividend	-	(973,779)
	-----	-----
Retained for the financial year and net transfer to shareholders' funds	-	-
Opening shareholders' funds	5,000	5,000
	-----	-----
Closing shareholders' funds	5,000	5,000
	-----	-----

Shareholders' funds are wholly attributable to equity shareholders.

**FTMF LEASING MARCH (B) LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS**

**9 SHARE CAPITAL**

		1996 and 1995
	Authorised	Allotted Called Up and Fully Paid
Ordinary shares of £1 each	5,000	5,000
	-----	-----

**10 PARENT UNDERTAKINGS**

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is Forward Trust Group Limited.

The result of the Company is included in the group financial statements of Forward Trust Group Limited and HSBC Holdings plc. Copies of the group financial statements may be obtained from the following addresses:

Forward Trust Group Limited  
12 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1QZ

HSBC Holdings plc  
10 Lower Thames Street  
London  
EC3R 6AE