

Registered Number 830653

FTMF LEASING MARCH (B) LIMITED
(FORMERLY FMF LEASING MARCH (B) LIMITED)
FINANCIAL STATEMENTS
31 MARCH 1995



FTMF LEASING MARCH (B) LIMITED

(FORMERLY FMF LEASING MARCH (B) LIMITED)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1995

PROFIT AND APPROPRIATIONS

The profit for the year after taxation amounted to: £973,779
Interim dividend payable on 31 August 1995 £973,779

It is proposed that this be appropriated as disclosed on the face of the profit and loss account.

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.

CHANGE OF COMPANY NAME

The Company changed its name from FMF Leasing March (B) Limited to FTMF Leasing March (B) Limited on 1 March 1995.

CHANGE OF NAME OF IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking changed its name from Forward Motor Finance Limited to Forward Trust Motor Finance Limited on 1 March 1995.

DIRECTORS

Mr M J Topping was appointed as a director of the Company on 1 March 1995.

The directors of the Company who held office at 31 March 1995 served throughout the year, except where indicated. 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:-

	at 1 April 1994 (or date of appointment, if later)			at 31 March 1995		
	Shares	Options	Bonds	Shares	Options	Bonds
D W Gilman	740	23,210	-	764	28,645	-
T V Holmes	3,417	1,040	646	3,629	4,476	646
G E Picken	3,287	56,654	-	3,431	65,168	-
K V Smithson	-	-	-	-	-	-
M J Topping (appt 1.3.95)	2,418	491	-	2,418	491	-

Options were adjusted during the year following the payment by HSBC Holdings plc of an enhanced scrip alternative to their 1993 final dividend. Options at 1 April 1994 have not been restated. Options at 1 March 1995 are as adjusted.

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

	<u>Granted</u>	<u>Exercised</u>
D W Gilman	5,226	
T V Holmes	4,476	1,049
G E Picken	8,000	

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.

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 a 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.

AUDITORS

On 6 February 1995, the Company's auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

Registered Office:

12 Calthorpe Road
Edgbaston
Birmingham
B15 1QZ

Date : **19 OCT 1995**

By Order of the Board

.....
J H McKenzie
Secretary

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

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

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 statement, 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 as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

Birmingham

7 November 1995

FTMF LEASING MARCH (B) LIMITED
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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1995

	Notes	1995 £	1994 £
Turnover		2,439,634	1,790,473
Administrative expenses	2	(509,633)	(599,328)
Interest payable	3	(1,639,937)	(1,352,049)
<u>Profit/(Loss) on ordinary activities before taxation</u>		290,064	(160,904)
Taxation credit on profit/(loss) on ordinary activities	4	683,715	381,056
<u>Profit on ordinary activities after taxation</u>		973,779	220,152
Dividend	5	(973,779)	(220,152)
Retained for the financial year		-	-
Reserves brought forward at 1 April		-	-
Reserves carried forward at 31 March		-	-

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

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BALANCE SHEET AS AT 31 MARCH 1995

	Notes	1995 £	1994 £
CURRENT ASSETS			
<u>Debtors</u>	6		
Amounts falling due within one year:			
Lease agreements		17,366,879	10,875,598
Other debtors		14,544	-
		-----	-----
		17,381,423	10,875,598
Amounts falling due after more than one year:			
Lease agreements		18,971,441	19,521,986
		-----	-----
		36,352,864	30,397,584
CREDITORS: Amounts falling due within one year			
Amounts owed to parent undertakings		34,278,263	28,991,607
Proposed dividend	5	973,779	220,152
Value added tax		529,708	297,449
		-----	-----
		35,781,750	29,509,208
TOTAL ASSETS LESS CURRENT LIABILITIES		571,114	888,376
PROVISIONS FOR LIABILITIES AND CHARGES	7	566,114	883,376
		-----	-----
		5,000	5,000
		-----	-----
CAPITAL AND RESERVES			
<u>Called up share capital</u>	9	5,000	5,000
		-----	-----
		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

19 OCT 1995

FTMF LEASING MARCH (B) LIMITED
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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 in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard number 1, the Company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary 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) 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.

d) Taxation

The charge for taxation is based on the profit for the year and recognises deferred taxation, calculated on the liability method, to the extent that it is considered that a liability will crystallise. 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.

2 ADMINISTRATIVE EXPENSES

Administrative expenses include £474,517 (1994 £479,530) 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.

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NOTES ON THE FINANCIAL STATEMENTS

3 INTEREST PAYABLE

Interest payable was due to parent undertakings.

4 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The charge for taxation comprises:

	1995	1994
	£	£
Group relief receivable		
- current year @ 33% (1994 33%)	8,946	745,849
- prior year	184,358	86,402
Deferred taxation		
- current year	609,781	(401,777)
- prior year	(119,370)	(49,418)
	-----	-----
	683,715	381,056
	-----	-----

For the year ended 31 March 1995, the impact of reassessing the value of advance corporation tax offset within deferred tax, as set out in note 7, has been to increase the deferred tax credit by £95,079 (1994 £72,000).

The tax charge has been reduced by £904,000 as a result of the transfer into this Company of assets and lease agreements from fellow subsidiary undertakings where the transfer has taken place at written down value for tax purposes.

5 DIVIDEND

	1995	1994
	£	£
Proposed dividend	973,779	220,152
	-----	-----

6 DEBTORS

Lease agreements.

During the period assets valued at £14,693,642 (1994 £17,216,020) 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 £4,315,032 (1994 £3,820,946).

Aggregate lease rentals receivable in the financial year were £10,593,809 (1994 £6,796,329).

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NOTES ON THE FINANCIAL STATEMENTS

7 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided:	£
Balance at 1 April 1994	883,376
Surrender of advance corporation tax to fellow subsidiary undertaking	173,149
Transfer to profit and loss account	(490,411)
Balance at 30 June 1995	566,114

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

	1995 £	1994 £
Leasing transactions	1,058,044	1,453,376
Advance corporation tax recoverable	(491,930)	(570,000)
	566,114	883,376

Potential deferred taxation not provided:

Leasing transactions	514,737	735,317
Advance corporation tax recoverable	(71,070)	(193,000)
	443,667	542,317

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.

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NOTES ON THE FINANCIAL STATEMENTS

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit on ordinary activities after taxation	973,779	220,152
Dividend	(973,779)	(220,152)
	-----	-----
Retained for the financial year and net transfer to shareholders' funds	-	-
Opening shareholders' funds	5,000	5,000
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Closing shareholders' funds	5,000	5,000
	-----	-----

9 SHARE CAPITAL

	1995 and 1994 Allotted Called Up and Authorised Fully Paid	
Ordinary shares of £1 each	5,000	5,000
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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, both of which are registered in England and Wales.

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