

ELCO LEASING LIMITED
REPORT AND FINANCIAL STATEMENTS
31 JANUARY 1996



ELCO LEASING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 1996.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The main activity of the company is that of leasing. During the year the business performed in line with expectations and the directors expect this to continue, subject to any unforeseen circumstances.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 5. The directors do not recommend the payment of a dividend (1995 : £Nil). The retained profit of £1,119 (1995 : £1,533) will be transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year and their disclosable interests in the shares and debentures of group companies were as follows:

	Loan Notes of £1 each in Dresdner Investments (UK) plc <u>31 January 1996</u>	Ordinary Shares of 25p each in Kleinwort Benson Group plc <u>31 January 1995</u>
J A N Cameron	-	-
S A Jack	39,164	1,864

In addition to the interests disclosed above, the directors had been granted options on various dates to subscribe for the number of ordinary shares of Kleinwort Benson Group plc, set out against their names. During the year all of these options were exercised or cancelled.

	Options over fully paid ordinary shares <u>31 January 1995</u>
J A N Cameron	38,712
S A Jack	21,430

None of the directors had any other disclosable interests in the shares or debentures of any group company. The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent company, Dresdner Bank AG, as it is incorporated outside the UK.

ELCO LEASING LIMITED

DIRECTORS' REPORT (continued)

CHANGE OF ULTIMATE PARENT

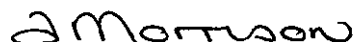
The ultimate parent company is Dresdner Bank AG. On 7 August 1995 Kleinwort Benson Group plc was acquired by Dresdner Investments (UK) plc, a company incorporated in Great Britain and registered in England and Wales. Dresdner Investments (UK) plc is a wholly-owned direct subsidiary of Zenon Beteiligungs GmbH which is itself a wholly-owned direct subsidiary of Dresdner Bank AG.

AUDITORS

Deloitte & Touche resigned as auditors of the company on 17 October 1996. At that time Coopers & Lybrand were appointed.

The company has passed an elective resolution in accordance with section 379a Companies Act 1985 to dispense with the annual appointment of the auditors; accordingly Coopers & Lybrand remain in office.

Approved by the Board of Directors
and signed on behalf of the Board



A Morrison
Secretary

20th November 1996

ELCO LEASING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ELCO LEASING LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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.

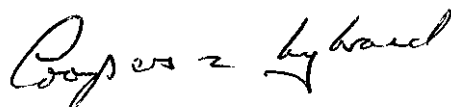
Basis of opinion

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 as at 31 January 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and
Registered Auditors
Embankment Place
London

20 NOVEMBER 1996

ELCO LEASING LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 January 1996**

	Note	1996 £	1995 £
TURNOVER	1&2	1,671	2,284
		<hr/>	<hr/>
OPERATING PROFIT		1,671	2,284
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,671	2,284
Taxation on profit on ordinary activities	4	552	751
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	1,119	1,533
		<hr/>	<hr/>

All amounts stated above derive from continuing activities.

There are no recognised gains and losses for the year or the previous year other than the profit on ordinary activities after taxation disclosed above. Accordingly, no statement of total recognised gains and losses is given.

A statement showing the movement in the profit and loss account reserve is set out in note 8 on page 9.

The notes on pages 7 to 9 form an integral part of these accounts.

ELCO LEASING LIMITED**BALANCE SHEET****As at 31 January 1996**

	Note	1996 £	1995 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	2,329,211	2,325,125
CREDITORS: amounts falling due within one year	6	3,177	210
		<hr/>	<hr/>
NET ASSETS		2,326,034	2,324,915
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	500,000	500,000
Profit and loss account	8	1,826,034	1,824,915
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		2,326,034	2,324,915
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These financial statements were approved by the Board of Directors on 20th November 1996.

Signed of behalf of the Board of Directors



S A Jack - Director

The notes on pages 7 to 9 form an integral part of these accounts.

ELCO LEASING LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 January 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting Convention

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

Turnover

Turnover represents finance charges allocated in respect of finance leases, and the profits from the sale of leased assets.

Finance leases

Investments in finance leases are stated at the gross amount of minimum future rental payments less finance charges allocated to future periods.

Rentals receivable less the capital content thereof are allocated to the profit and loss account over the primary period of the lease to give a constant periodic post-tax rate of return on the net cash investment in the leases.

Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements, to the extent that it is probable that a taxation liability or asset will crystallise in the foreseeable future.

Cash flow statement

These financial statements do not include a cash flow statement as required by Financial Reporting Standard No.1 as a consolidated cash flow statement is prepared by Kleinwort Benson Group plc, an intermediate parent company.

ELCO LEASING LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 January 1996

	1996 £	1995 £
2. TURNOVER		
Finance charges allocated in the year	1,671	2,284
Aggregate rentals receivable in relation to finance leases were £22,448 (1995: £14,349).		
3. ADMINISTRATIVE EXPENSES		
Costs of administration are borne by the parent undertaking. This includes the remuneration of the auditors. None of the directors received any emoluments in respect of their services to the company.		
4. TAXATION CHARGE		
Taxation is based on the profit for the year and comprises:		
Group relief payable/(receivable) at 33% (1995: 33%)	552	(113)
Deferred taxation charge	-	864
	552	751
The company has a capital gains tax loss of approximately £5 million to carry forward which may be set off against future capital gains.		
5. DEBTORS: amounts falling due within one year		
Amounts due from fellow subsidiary undertaking	2,326,731	2,324,790
Group relief receivable	-	113
Sundry debtors	2,480	222
	2,329,211	2,325,125

ELCO LEASING LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 January 1996

	1996 £	1995 £
6. CREDITORS: amounts falling due within one year		
Group relief payable	552	-
VAT payable	2,625	210
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	3,177	210
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7. CALLED UP SHARE CAPITAL

Authorised:		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
	<hr/>	<hr/>
Allotted and partly paid:		
2,000,000 ordinary shares of £1 each, 25p paid	500,000	500,000
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8. COMBINED RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £	Profit and loss account £	Total 1996 £	Total 1995 £
At the beginning of the year	500,000	1,824,915	2,324,915	2,323,382
Profit attributable to members of the company	-	1,119	1,119	1,533
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At the end of the year	500,000	1,826,034	2,326,034	2,324,915
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9. ULTIMATE PARENT UNDERTAKING

From 7 August 1995, the ultimate parent undertaking was Dresdner Bank AG, a company incorporated in Germany. Prior to this date, the ultimate parent undertaking was Kleinwort Benson Group plc, a company incorporated in Great Britain and registered in England and Wales, which for consolidation purposes remains the parent undertaking of the smallest group of which the company is a member. Copies of the consolidated financial statements of both of these companies, for the year ended 31 December 1995, are filed at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.