

KINGSTAR LEASING LIMITED
REGISTERED NUMBER 1582256
DIRECTORS' REPORT AND ACCOUNTS
31 AUGUST 1995



KINGSTAR LEASING LIMITED

DIRECTORS' REPORT - YEAR ENDED 31 AUGUST 1995

The directors present their report and accounts for the year ended 31 August 1995.

ACTIVITIES

The main activity of the company is the leasing of vehicles, plant and equipment.

The results for the year and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

ACCOUNTS

The results for the year show a profit after taxation of £125,464 (1994: Profit £117,557). The directors do not recommend the payment of a dividend (1994: £nil).

DIRECTORS

The names of the persons who were directors during the year, unless otherwise stated, are as shown below:

A C Dempster

E H Murray

C Cameron (Appointed 21 November 1994)

KINGSTAR LEASING LIMITED

DIRECTORS' REPORT - YEAR ENDED 31 AUGUST 1995

DIRECTORS' INTERESTS

Beneficial interests of directors and their immediate families in ordinary shares of 25p each in the company's ultimate parent company, TSB Group plc, are shown below:

	<u>At 31 August 1995</u>		<u>At 31 August 1994</u> (or date of appointment if later)	
	<u>Shares</u>	<u>Shares Under Option</u>	<u>Shares</u>	<u>Shares Under Option</u>
A C Dempster	25,480	188,542	22,126	173,596
E H Murray	1,551	76,636	370	64,136
C Cameron	1,870	15,940	1,870	15,940

The option to purchase shares shown above were granted under the terms of the executive share option and sharesave schemes of the TSB Group, and are exercisable in normal circumstances between now and 2004 at prices ranging from 96 pence to 282.5 pence per share.

During the year additional share options were granted to executive directors. The details are as shown below.

	<u>Options granted</u>	<u>Options exercised</u>
A C Dempster	20,176	5,230
E H Murray	13,681	-

AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed the report in their new name. A resolution proposing the re-appointment of KPMG as auditors of the company will be put to the forthcoming annual general meeting.

By order of the board.



J W Fraser
Secretary

KINGSTAR LEASING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' Statement of Auditors' Responsibilities set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts 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 consider that, in preparing the accounts on pages 5 to 11, 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 are required to use a going concern basis in preparing the accounts unless this is inappropriate.

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 accounts 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.

STATEMENT OF AUDITORS' RESPONSIBILITIES

The auditors are responsible for forming an independent opinion on the accounts presented by the directors, based on their audit, and for reporting their opinion to members. They also have the responsibility under the Companies Act 1985 to report to members if particular requirements are not met. These requirements are :

- that the Company has maintained proper accounting records and obtained proper returns from branches not visited by the auditors;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on pages 1 and 2. However, the Companies Act 1985 requires the auditors to report to members if the matters contained in the directors' report are inconsistent with the accounts.

REPORT OF THE AUDITORS TO THE MEMBERS OF KINGSTAR LEASING LIMITED

We have audited the accounts on pages 5 to 11.

Respective Responsibilities of Directors and Auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Edinburgh

8 February 1996.

KINGSTAR LEASING LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 AUGUST 1995**

		1995 £000	1994 £000
	Note		
Turnover	1 (b)	566	445
Interest payable		(394)	(267)
		<hr/>	<hr/>
Gross profit		172	178
Other operating costs		(20)	(57)
		<hr/>	<hr/>
Profit before taxation	2	152	121
Taxation charge for year	3	(27)	(3)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		125	118
Profit brought forward		824	706
		<hr/>	<hr/>
Profit carried forward		<u>949</u>	<u>824</u>

Reconciliation of movement in Shareholders' Funds

Shareholders' funds brought forward	824	706
Retained profit for year	125	118
	<hr/>	<hr/>
Shareholders' funds carried forward	<u>949</u>	<u>824</u>

There are no recognised gains or losses other than those reported above.

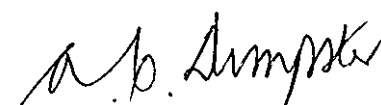
There are no discontinued operations.

The notes on pages 7 to 11 form part of these accounts.

KINGSTAR LEASING LIMITED**BALANCE SHEET - 31 AUGUST 1995**

	Note	1995 £000	1994 £000
DEBTORS: amounts receivable within one year	4	2,600	3,241
CREDITORS: amounts falling due within one year	5	6,593	6,604
		—	—
NET CURRENT LIABILITIES		(3,993)	(3,363)
DEBTORS: amounts receivable after more than one year	4	5,046	4,503
		—	—
		1,053	1,140
CREDITORS: amounts falling due after more than one year	5	-	-
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	6	104	316
		—	—
NET ASSETS		<u>949</u>	<u>824</u>
CAPITAL AND RESERVES			
Called-up share capital	7	-	-
Profit and loss account		949	824
		—	—
		<u>949</u>	<u>824</u>

Approved by the Board at its meeting held on 24th January, 1996



A C Dempster
Director

The notes on pages 7 to 11 form part of these accounts.

KINGSTAR LEASING LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1995

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover during the period represents net rentals receivable, being the gross rentals receivable less the capital element.

(c) Income recognition

Income from leases is credited to the profit and loss account in proportion to the net cash invested using the investment period method.

In order to give effect to the grossing up of profit after taxation, in respect of leases entered into during the period of falling tax rates, a taxation equalisation reserve and a profit before taxation reserve are established in the year in which leased assets are purchased.

Regional development grants receivable on assets leased to customers are credited to revenue, grossed up at the prevailing corporation tax rate, using the investment period method.

(d) Finance Lease Receivables

Finance lease receivables are included in the balance sheet at the amount of the net investment in the lease, which is defined as total future rentals receivable less finance charges allocated to future periods.

(e) Deferred taxation

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

KINGSTAR LEASING LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1995

2. PROFIT BEFORE TAXATION

Profit before taxation is stated after deducting the following:

	1995 £000	1994 £000
Directors' emoluments	-	-
Auditors' remuneration	-	-
Interest payable on loans from fellow subsidiary companies	394	267

and after crediting:-

Grossing up of Regional Development Grants	4	14
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Auditors' remuneration has been borne by a group company.

There were no employees (1994:Nil).

3. TAXATION

The charge for taxation is based on the results for the year using a UK corporation tax rate of 33% (1994: 33%).

	1995 £000	1994 £000
CURRENT YEAR		
Group relief payable/(receivable)	235	(115)
Deferred taxation	(212)	117
Notional taxation	4	16
	<hr/>	<hr/>
	27	18
PRIOR YEAR		
Group relief payable	-	257
Deferred taxation	-	(272)
	<hr/>	<hr/>
Taxation charge	<u>27</u>	<u>3</u>

KINGSTAR LEASING LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1995

4. DEBTORS

	1995 £000	1994 £000
Amounts falling due within one year:		
Rentals receivable on leased assets	2,385	2,751
Other debtors	215	437
Group relief receivable	-	53
	<u>2,600</u>	<u>3,241</u>
Amounts falling due after more than one year:		
Rentals receivable on leased assets	<u>5,046</u>	<u>4,503</u>

The value of finance lease rentals receivable in the year amounted to £3,411,000 (1994: £2,282,000).

The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £3,306,000 (1994 £4,412,000).

Included in the total rentals receivable on leased assets is an amount of £26,045 (1994: £52,758) due from the immediate parent company.

KINGSTAR LEASING LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1995

5. <u>CREDITORS</u>	1995	1994
	£000	£000
Amounts falling due within one year:		
Accruals and deferred income	427	903
Amounts due to immediate parent company	-	190
Amounts due to fellow subsidiary companies	5,327	5,334
Other creditors	541	177
Group relief payable	298	-
	<hr/>	<hr/>
	<u>6,593</u>	<u>6,604</u>

6. DEFERRED TAXATION

The provision is calculated at 33% on the full potential liability and is in respect of accelerated capital allowances.

The movement in the deferred tax provision was as follows:-

	£000
At 1 September 1994	316
Profit and loss account - Current year	(212)
- Prior year	-
	<hr/>
At 31 August 1995	<u>104</u>

KINGSTAR LEASING LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1995

7. CALLED-UP SHARE CAPITAL

	<u>1995</u>		<u>1994</u>	
	<u>Authorised</u>	Allotted Called-up and <u>fully paid</u>	<u>Authorised</u>	Allotted Called-up and <u>fully paid</u>
	£	£	£	£
Ordinary shares of 25p each - non-voting	839	39	839	39
6% Preference shares of 25p each	161	161	161	161
	<u>1,000</u>	<u>200</u>	<u>1,000</u>	<u>200</u>

8. CASH FLOW STATEMENT

A cash flow statement is not presented as the company is a wholly owned subsidiary undertaking of TSB Group plc, whose accounts include a consolidated cash flow statement dealing with the cash flows of the group.

9. ULTIMATE PARENT COMPANY

The company is a subsidiary of TSB Bank Scotland plc, a company whose ultimate parent company is TSB Group plc, which is registered in Scotland.

Copies of the accounts of TSB Bank Scotland plc are available from the Secretary, Henry Duncan House, 120 George Street, Edinburgh.

Copies of the accounts of TSB Group plc are available from the Secretary, 60, Lombard Street, London.