

NATWEST LEASING FACILITIES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1995



NATWEST LEASING FACILITIES LIMITED

REPORT OF THE DIRECTORS

Directors:

C Barton-Smith
R P A Bull
M A Maberly
R L Pashley
J D Purdy
H M Roome
M D Smith

Secretary: S E Lewis

Registered Office: 135 Bishopsgate, London EC2M 3UR

The Directors present their report and audited accounts for the year ended 30 June 1995.

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company is the provision of asset finance by way of leasing.

REVIEW OF BUSINESS

The net amount financed under all forms of financial agreements entered into during the year was £Nil (1994 - £Nil).

The profit on ordinary activities before taxation was £1,482,000 (1994 -£2,678,000) on which there was a taxation charge of £287,000 (1994 - £972,000). The Directors recommend that no dividend be paid (1994 - £nil) and that the balance of £1,195,000 (1994 - £1,706,000) be transferred to reserves as shown in the Profit and Loss Account on Page 7.

The Company traded profitably during the year under review and the Directors expect that it will continue to do so.

NATWEST LEASING FACILITIES LIMITED

DIRECTORS AND THEIR INTERESTS

The Directors of the Company who served during the year are those shown on page 2 and P M Davy who resigned on 10 April 1995 and R J Bailey who resigned on 30 April 1995. R L Pashley was appointed on 24 April 1995. Subsequent to the year end M A Maberly resigned on 26 July 1995, J D Purdy and H M Roome resigned on 30 October 1995.

The Directors have no interest in the share capital of the Company. The interests in the share capital of the parent undertaking, National Westminster Bank Plc, are as follows :-

Ordinary shares of £1.

	As at 1 July 1994 or as at date of appointment.		As at 30 June 1995	
	HOLDING*	OPTIONS	HOLDING*	OPTIONS
C Barton-Smith	1,068	518 i	1,068	518 i
R P A Bull		7,567 D 4,117 E 4,634 F 5,767 G		7,567 D 4,117 E 4,634 F 5,767 G 16,210 H
M A Maberly	4,067	1,974 g 518 i 12,824 D 13,378 E 15,025 F 19,132 G	3,217	1,974 g 518 i 15,025 F 19,132 G 21,524 H
R L Pashley	2,119	650 g 862 h 518 i 2,752 E 3,412 F 4,543 G 9,213 H	2,181	650 g 862 h 518 i 553 j 2,752 E 3,412 F 4,543 G 9,213 H
J D Purdy	19,162	266 d 692 e 543 f 780 g 862 h 518 i 11,979 E 13,453 F 17,246 G	2,961	692 e 543 f 780 g 862 h 518 i 522 j 11,979 E 13,453 F 17,246 G 14,054 H
H M Roome	1,929	918 g 747 h 518 i 2,188 E 2,495 F 3,198 G	2,794	918 g 747 h 518 i 553 j 2,188 E 2,495 F 3,198 G 4,175 H
M D Smith	1,752+	1,165 f 1,147 g 862 h 2,921 G	3681+	1,147 g 862 h 553 j 2,921 G 3,188 H

* Includes interests in ordinary shares of £1 each held by Trustees under the National Westminster Bank Plc Group 1979 Profit Sharing Scheme.

+ Includes shares held in wife's name.

NATWEST LEASING FACILITIES LIMITED

REPORT OF THE DIRECTORS (Continued)

Options were granted under the National Westminster Bank Plc 1981 Savings Related Share Option Scheme to subscribe for Ordinary shares of £1 at the subscription price per share shown below :

d	£3.30
e	£2.425
f	£3.09
g	£1.96
h	£2.61
i	£3.99
j	£4.36

and under the National Westminster Bank Plc Executive Share Option Schemes for Ordinary shares of £1 at subscription prices per share shown below:

D	£3.08
E	£3.38
F	£3.13
G	£5.03
H	£4.93

MEDIUM TERM EQUITY PLAN

During 1994, certain NatWest Bank Group employees were granted potential awards under the National Westminster Bank Plc Medium Term Equity Plan. This is a type of Employee Share Ownership Plan funded by National Westminster Bank Plc and administered by an independent trustee. The exercise of awards is subject to the achievement of stretching performance conditions.

As at 30 June 1995, 379,490 shares were held by the independent trustee for the Plan and, in the terms of the trust deed setting up the plan, all of the Directors of the Company are deemed to have an interest as potential discretionary beneficiaries in these Ordinary shares.

AUDITORS

On 6 February 1995 our auditors changed the name under which they practice to KPMG and, accordingly, have signed their report in their new name.

On 8 April 1993 the Company passed an Elective Resolution to dispense with the obligation to appoint auditors annually.

On behalf of the Board



S E Lewis
Secretary

3 April 1996

NATWEST LEASING FACILITIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 6, 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, for each financial year, accounts 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 Company's profit for that financial year.

The Directors confirm that the Accounts have been prepared on the going concern basis and consider that in preparing the Accounts on pages 7 to 13, 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 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.

REPORT OF THE AUDITORS TO THE MEMBERS
OF
NATWEST LEASING FACILITIES LIMITED

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of directors and auditors

As described on page 5 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 the 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 30 June 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

3 April

1996

LONDON

NATWEST LEASING FACILITIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1995

		1995	1994
	Note	<u>£'000</u>	<u>£'000</u>
Income from finance leases	2	12,097	13,633
Operating charges		(584)	(150)
Net operating income from continuing operations		<u>11,513</u>	<u>13,483</u>
Interest payable to group undertakings		<u>(10,031)</u>	<u>(10,805)</u>
Profit on ordinary activities before taxation	4	1,482	2,678
Tax on profit on ordinary activities	5	(287)	(972)
Retained profit for the financial year		<u><u>1,195</u></u>	<u><u>1,706</u></u>

The Company had no recognised gains or losses other than the profit for the period.

A statement of movement on reserves is given in note 11.

NATWEST LEASING FACILITIES LIMITED

BALANCE SHEET

AT 30 JUNE 1995

		1995	1994
	Note	<u>£'000</u>	<u>£'000</u>
Current Assets			
Debtors	6	225,350	241,787
Creditors: amounts falling due within one year	7	(31,105)	(30,762)
Net Current Assets:			
Amounts falling due within one year		(1,092)	(831)
Debtors falling due after more than one year	6	195,337	211,856
Total net current assets		194,245	211,025
Creditors: amounts falling due after more than one year	8	(133,058)	(152,463)
Deferred Taxation	9	(52,795)	(51,365)
		-----	-----
Net Assets		8,392	7,197
		=====	=====
Capital and Reserves			
Called up share capital	10	-	-
Profit and Loss account	11	8,392	7,197
		-----	-----
		8,392	7,197
		=====	=====

The accounts on pages 7 to 13 were approved by the Board of Directors on 3 April 1996 and signed on its behalf by:



 R P A Bull, Director

NATWEST LEASING FACILITIES LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

a) Accounting Convention

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

b) Finance Leases

Assets made available to third parties under finance leases are treated as amounts receivable.

Income from finance leases is credited to the Profit and Loss Account in proportion to the funds invested.

Where the lease rentals reflect the benefits of declining corporation tax rates, the finance lease receivables are written down on the change in tax rates, to amounts which equate to the principal element of future rentals. This is done by a transfer from deferred tax account so as to maintain the normal relationship between profit before and after taxation.

c) Deferred Taxation

Deferred taxation is provided for using the liability method on all timing differences to the extent that a taxation liability is expected to crystallise in the foreseeable future.

d) Cashflow Statement

The Company has not prepared a cashflow statement because it is exempted from doing so under paragraph 8c of Financial Reporting Standard 1.

2. Income from Finance Leases

i) Income from finance leases credited to the Profit and Loss Account arose in the United Kingdom.

	1995	1994
	<u>£'000</u>	<u>£'000</u>
ii) Net amounts financed under finance leases entered into during the year	<u>Nil</u>	<u>Nil</u>
iii) Aggregate rentals receivable during the year under finance leases	<u>25,966</u>	<u>23,842</u>

NATWEST LEASING FACILITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. Directors and Employees

None of the Directors received any emoluments from the Company (1994 - £nil).

None of the Directors had any material interest in any contract of significance in relation to the business of the Company.

The Company does not have any employees.

4. Profit on Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is stated after charging auditors' remuneration of £2,110 (1994 - £2,000).

5. Taxation

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Group relief receivable (see below)	940	3,800
Deferred Taxation (note 9)	(1,429)	(4,684)
Deferred taxation in respect of prior years	(1)	(27)
Group relief in respect of prior years	203	(61)
	<u>-----</u>	<u>-----</u>
	(287)	(972)
	<u>=====</u>	<u>=====</u>

Provision for group relief is made on the basis that the claimant companies will make payment to the surrendering companies at rates appropriate to the periods in which the losses claimed are utilised.

NATWEST LEASING FACILITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. Debtors

	1995	1994
	<u>£'000</u>	<u>£'000</u>
i) Debtors falling due within one year		
Net investment in finance leases	19,300	11,928
Amounts owed by group undertakings	10,711	18,001
Other debtors	2	2
	-----	-----
	30,013	29,931
 ii) Debtors falling due after one year		
Net investment in finance leases	146,793	166,746
Amounts owed by group undertakings	48,544	45,110
	-----	-----
	225,350	241,787
	=====	=====

7. Creditors: amounts falling due within one year

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Loans from group undertakings (see note 8)	15,557	13,005
Amounts owed to group undertakings	15,366	13,142
Other creditors	182	4,615
	-----	-----
	31,105	30,762
	=====	=====

NATWEST LEASING FACILITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. Creditors: amounts falling due after one year

	1995	1994
	<u>£'000</u>	<u>£'000</u>
Loans from group undertakings	133,058 =====	152,463 =====
Analysis of loans from group undertakings:		
Wholly repayable within five years	1,669	4,941
Not wholly repayable within five years due:		
Within one year	13,888	13,005
Between one and five years	39,217	46,827
In more than five years	93,841 -----	100,695 -----
	148,615 =====	165,468 =====

The loans are repayable in accordance with the cash flows relating to the lease agreements.

9. Deferred Taxation

	<u>£'000</u>
At 1 July 1994	51,365
Charge for the year (note 5)	1,430 -----
At 30 June 1995	52,795 =====

The above balance represents the full potential liability in respect of capital allowances.

10. Share Capital

	1995	1994
	<u>Authorised</u> <u>£</u>	<u>Authorised</u> <u>£</u>
	<u>Called Up</u> <u>and Fully Paid</u> <u>£</u>	<u>Called Up</u> <u>and Fully Paid</u> <u>£</u>
Ordinary shares of - £1 each	100 =====	100 =====

NATWEST LEASING FACILITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. Share Capital, Movement in Reserves and Reconciliation of Movements in Shareholders' Funds

	Share Capital	Profit and Loss Account	Total Shareholders' Funds
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 July 1993	-	5,491	5,491
Profit for the financial year	-	1,706	1,706
	-----	-----	-----
Balance at 30 June 1994	-	7,197	7,197
Profit for the financial year	-	1,195	1,195
	-----	-----	-----
Balance at 30 June 1995	-	8,392	8,392
	=====	=====	=====

12. Contingent Liability

The Company has a contingent liability in respect of a joint and several undertaking for VAT due by certain fellow subsidiary undertakings under a group registration.

13. Ultimate Parent Undertaking

The company is a wholly owned subsidiary undertaking whose ultimate parent is National Westminster Bank Plc. The largest and smallest group in which the results of the company are consolidated is National Westminster Bank Plc, which is registered in England and Wales.

The consolidated accounts of National Westminster Bank Plc are available to the public and may be obtained from the Company Secretary, 41 Lothbury, London EC2P 2BP.