

Company Registered No. 1950021

KLEINWORT BENSON LEASING MARCH (2) LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 1998



KLEINWORT BENSON LEASING MARCH (2) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is leasing.

On 29 November 1996 the business of the company was sold to Kleinwort Benson Leasing March (3) Limited at net book value.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 4.

The directors do not recommend the payment of a dividend (1997 : £Nil). The retained loss for the year of £Nil (1997 : Loss £2,920,860) will be included in the accumulated deficit.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office at the year end were as follows:-

N G Aiken	
N D Barker	(Appointed 12 February 1998)
C P T O'Haire	(Appointed 12 February 1998)
K J Whiting	

P D Read resigned on 15 October 1997. M R Hardwick and P G Myall resigned on 12 February 1998.

None of the directors had a disclosable interest 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.

AUDITORS

The company has passed an elective resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of the auditors. Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998. The directors have appointed the new firm, PricewaterhouseCoopers, as auditors to the company.

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



A Morrison
Secretary

9th December 1998

KLEINWORT BENSON LEASING MARCH (2) 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; and
- prepare the financial statements on a 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.

KLEINWORT BENSON LEASING MARCH (2) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 8.

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.

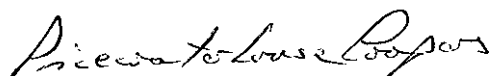
Basis of opinion

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 as at 31 March 1998 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Embankment Place
London

14 December 1998

KLEINWORT BENSON LEASING MARCH (2) LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 1998

	Note	1998 £	1997 £
TURNOVER	2	-	3,402,939
Cost of sales	3	-	(3,093,973)
		<hr/>	<hr/>
GROSS PROFIT		-	308,966
Other operating income		-	12,002
Commissions payable	4	-	(65,068)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	255,900
Taxation charge	5	-	(3,176,760)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	-	(2,920,860)
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All amounts stated above derive from discontinued activities as the business of the company was sold to Kleinwort Benson Leasing March (3) Limited on 29 November 1996.

There are no recognised gains or losses for the year or the previous year other than as 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 10 on page 8.


The notes on pages 6 to 8 form an integral part of these financial statements.

KLEINWORT BENSON LEASING MARCH (2) LIMITED**BALANCE SHEET****As at 31 March 1998**

	Note	1998 £	1997 £
CURRENT ASSETS			
Debtors - amounts falling due within one year	6	738,626	71,322,464
		<hr/>	<hr/>
		738,626	71,322,464
CREDITORS: amounts falling due within one year	7	(2,271,100)	(72,854,938)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,532,474)	(1,532,474)
		<hr/>	<hr/>
NET LIABILITIES		(1,532,474)	(1,532,474)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	10,000	10,000
Profit and loss account	10	(1,542,474)	(1,542,474)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' DEFICIENCY		(1,532,474)	(1,532,474)
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These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

 9 March 1998

C P T O'Haire - Director

The notes on pages 6 to 8 form an integral part of these financial statements.

KLEINWORT BENSON LEASING MARCH (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

1. ACCOUNTING POLICIES

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

Accounting convention

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

Turnover

Turnover represents gross earnings allocated in respect of finance leases in accordance with the accounting policy adopted for finance leases and 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 gross earnings allocated to future periods.

Gross earnings from finance leases 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 the financial statements, to the extent that it is probable that a taxation liability or asset will crystallise in the foreseeable future.

Related party transactions

Kleinwort Benson Leasing March (2) Ltd is a wholly owned subsidiary of Kleinwort Benson Leasing Ltd. The ultimate parent undertaking is Dresdner Bank AG. The company has taken advantage of the exemption available in Financial Reporting Standard No.8 not to disclose inter-group related party transactions.

Cash flow statement

These financial statements do not include a cash flow statement as the Company meets the exemption requirements of Financial Reporting Standard No. 1.

2. TURNOVER	1998 £	1997 £
Gross earnings allocated in the year	-	3,402,939
Aggregate rentals receivable in the year in respect of finance leases were £Nil (1997 : £17,503,213)		
3. COST OF SALES	1998 £	1997 £
Interest payable to fellow subsidiary undertaking	-	3,093,973

KLEINWORT BENSON LEASING MARCH (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

4. ADMINISTRATIVE EXPENSES

Costs of administration are borne by an intermediate undertaking. These include the remuneration of the auditors. None of the directors received any emoluments in respect of their services to the company.

5. TAXATION CHARGE

	1998 £	1997 £
The taxation charge is based on the loss for the year and comprises:		
Group relief at 31% (1997: 33%)	-	1,958,985
Deferred taxation	-	(1,995,363)
Adjustment in respect of prior years:		
- Deferred taxation	-	3,213,138
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	-	3,176,760
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6. DEBTORS: amounts falling due within one year

	1998 £	1997 £
Amount due from immediate parent undertaking	738,626	9,730,581
Amount due from fellow purchasing subsidiary	-	61,591,883
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	738,626	71,322,464
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No assets were acquired in the year for the purpose of leasing under finance leases. (1997: £Nil)

7. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Group relief payable	2,271,100	5,529,642
Amounts due to fellow subsidiary undertaking	-	67,325,296
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	2,271,100	72,854,938
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KLEINWORT BENSON LEASING MARCH (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

8. PROVISIONS FOR LIABILITIES AND CHARGES	1998 £	1997 £
Deferred taxation:		
At 1 April	-	8,617,811
Transfer to KBL March (3) Ltd	-	(9,835,586)
Adjustment in respect of prior years	-	3,213,138
Transfer to profit and loss account	-	(1,995,363)
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At 31 March	-	-
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9. CALLED UP SHARE CAPITAL	1998 £	1997 £
Authorised: 10,000 ordinary shares of £1	10,000	10,000
	<hr/>	<hr/>
Allotted and fully paid: 10,000 ordinary shares of £1	10,000	10,000
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On 21 May 1998 the company issued 1,600,000 shares to its immediate parent, Kleinwort Benson Leasing Limited.

10. COMBINED RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £	Profit and loss account £	Shareholders' funds Total 1998 £	Shareholders' funds Total 1997 £
At beginning of the year	10,000	(1,542,474)	(1,532,474)	1,388,386
(Loss) attributable to members of the company		-	-	(2,920,860)
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At the end of the year	10,000	(1,542,474)	(1,532,474)	(1,532,474)
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11. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking at the end of the year is Dresdner Bank AG, a company incorporated in Germany. For consolidation purposes, Kleinwort Benson Group plc, a company incorporated in Great Britain and registered in England and Wales, is 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 31st December 1997, are filed at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.