

WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH, 1995



WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

DIRECTORS' REPORT

The directors submit the annual report and accounts of the Company for the year ended 31st March, 1995.

ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENT

The Company acts as a leasing company. The business of the Company continues without significant change.

RESULTS AND DIVIDEND

The profit of the Company for the year, after taxation, amounted to £65,688. The directors do not recommend the payment of a dividend for the year ended 31st March, 1995 and the credit balance on the profit and loss account of £1,261,868 is to be carried forward.

DIRECTORS

Mr D.M.M. Beever, Mr M.R. Hardwick, Mr. S.W. Leathes, and Mr. P.D. Read served as directors of the Company throughout the year.


All the directors are directors of another company of which the Company is a wholly owned subsidiary.

AUDITORS

Ernst & Young are the appointed auditors of the Company.

By order of the board,

*5th June*, 1995  
1 Finsbury Avenue,  
London, EC2M 2PP

  
I.B. Marshall  
Secretary

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on the following page, 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 loss for the financial year.

The directors consider that in preparing the accounts 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. They 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.

## AUDITORS' REPORT

### TO THE MEMBERS OF WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on the previous page the Company's directors are responsible for the preparation of the 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 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 accounts 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 accounts.

#### OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st March, 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*  
Ernst & Young

Chartered accountants

Registered auditor

London

*5th June* .., 1995

WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1995

	Note	1995 £	1994 £
Gross earnings under finance leases	2	8,920,642	9,875,496
Interest payable to parent undertaking in respect of finance leases		(7,407,446)	(7,803,093)
Gross profit		1,513,196	2,072,403
Charges from parent undertaking		(1,473,800)	(1,932,200)
Other interest payable to parent undertaking		(47,263)	(91,730)
Other income		111,367	49,560
Administration expenses		(5,819)	(12,141)
Profit on ordinary activities before taxation	3	97,681	85,892
Taxation on profit on ordinary activities	6	(31,993)	1,071,897
Profit on ordinary activities after taxation		65,688	1,157,789
Balance brought forward		1,196,180	38,391
Balance carried forward		1,261,868	1,196,180

There were no recognised gains and losses other than the profit on ordinary activities after taxation.

WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

BALANCE SHEET AS AT 31ST MARCH, 1995

	Note	1995 £	1994 £
<b>CURRENT ASSETS</b>			
Finance lease receivables falling due:			
After more than one year		87,039,389	117,204,403
Within one year		27,747,507	32,043,453
		<hr/>	<hr/>
	7	114,786,896	149,247,856
Debtors	8	324,888	2,440,423
Cash at Bank in hand	9	1,568,488	2,179,471
CREDITORS: amounts falling due within one year	10	(103,612,086)	(137,942,028)
		<hr/>	<hr/>
NET CURRENT ASSETS		13,068,186	15,925,722
PROVISION FOR LIABILITIES AND CHARGES	11	(11,796,318)	(14,719,542)
		<hr/>	<hr/>
		1,271,868	1,206,180
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	10,000	10,000
Profit and loss account		1,261,868	1,196,180
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Shareholders' funds		1,271,868	1,206,180
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D.M.M. Reeve

)

) Directors

M.R. Hardwick

)

5th June, 1995

WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Balance at 1st April	1,206,180	48,391
Profit on ordinary activities after taxation	65,688	1,157,789
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Balance at 31st March	1,271,868	1,206,180
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WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1995

1. Accounting policies

- (a) The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Finance lease receivables are amortised over the period for which they are receivable on a basis calculated to give an approximately constant rate of return on funds invested. To the extent that they are reflected in the profit and loss account, the benefits of grants receivable and of group relief receivable in excess of the provision for deferred tax have been engrossed at the rate of corporation tax for the year with a corresponding increase in the amount shown for the taxation charge.
- (c) Provision is made for current taxation in full and for deferred taxation in respect of timing differences to the extent that it is expected to crystallise in the foreseeable future. Timing differences arise from capital allowances on assets acquired for leasing. Deferred taxation asset balances are recognised only insofar as they are considered to be recoverable. The deferred taxation provision takes account of the continuation of leasing activities in the Company as part of the S.G. Warburg Group. Losses will be surrendered by other group companies for a consideration which ensures that, in the event of a reduced level of leasing activities in the Company, a shortfall in the deferred taxation provision will not arise.
- (d) Government grants are recognised in the profit and loss account so as to match them with the expenditure to which they contribute. Unrecognised amounts are included in the balance sheet as deferred income.

	1995 £	1994 £
2. Gross earnings under finance leases represent		
Aggregate finance lease rentals	39,061,751	34,366,684
Engrossment of grant	64,860	151,012
Engrossment of group relief receivable in excess of provision for deferred taxation	11,100	33,048
Capital repayments	(30,217,069)	(24,675,248)
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	8,920,642	9,875,496
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3. Auditors' remuneration		
Audit fee	1,200	1,500
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4. Certain administrative costs are borne by the Company's parent companies.		



WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

NOTES ON THE ACCOUNTS continued

5. None (1994 none) of the directors who served during the year received any emoluments for services to the company.

	1995 £	1994 £
6. Taxation on profit on ordinary activities		
(Corporation tax)/Group relief receivable at 33 per cent	(3,067,456)	2,215,395
Deferred taxation	3,093,176	(958,360)
Notional taxation charge for engrossment of grants and group relief in excess of provision for deferred taxation	(77,287)	(185,302)
Prior year adjustment		
- Current taxation	191,299	1,068
- Deferred taxation	(171,725)	(904)
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	(31,993)	1,071,897
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7. The cost of assets acquired during the year for the purpose of leasing under finance leases was £5,535,471 (1994 £53,480,097).

8. Debtors

Group relief receivable	-	2,203,882
Amount due from parent undertaking	310,900	224,100
Other debtors	13,988	12,441
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	324,888	2,440,423
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9. Cash at bank and in hand

Bank balance with parent undertaking	1,568,488	2,179,471
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WARBURG INDUSTRIAL LEASING COMPANY (NUMBER 1) LTD.

NOTES ON THE ACCOUNTS continued

	1995 £	1994 £
10. Creditors: amounts falling due within one year		
Bank loan from parent undertaking	89,620,305	116,234,199
Lease rentals received in advance	9,745,372	11,446,742
Taxation	3,062,375	
Other loans	475,000	2,512,500
Other creditors	709,034	7,748,587
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	103,612,086	137,942,028
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Other loans include financing for lease agreements where the guarantor has been granted a charge over the lease rentals. The principal amount outstanding on the loan was £475,000 at 31st March, 1995 secured on lease rentals receivable of £1,618,338 at that date.

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11. Provision for liabilities and charges

Deferred taxation

At 1st April, 1994	14,719,542
Transfer to profit and loss account	(2,923,224)
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At 31st March, 1995	11,796,318
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The full potential liability for deferred taxation at 31st March, 1995 is £14,425,311 (1994 £17,346,762).

	1995 £	1994 £
12. Called up share capital		
Authorised, allotted and fully paid		
Ordinary shares of £1 each	10,000	10,000
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13. Ultimate parent company

Group accounts are not presented as the Company is a wholly owned subsidiary of S.G. Warburg & Co. Ltd. whose ultimate parent company is S.G. Warburg Group plc, both of which are incorporated and registered in England. Both of these parent companies have included the Company in group accounts.