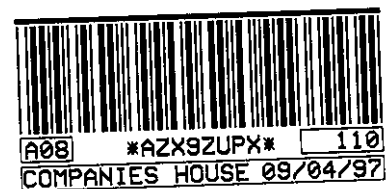


ABBAY NATIONAL JUNE LEASING (1) LIMITED

REPORT AND ACCOUNTS
For the year ended 30 June 1996

REGISTERED IN ENGLAND AND WALES NO. 2426011



ABBEY NATIONAL JUNE LEASING (1) LIMITED

DIRECTORS' REPORT

The directors of Abbey National June Leasing (1) Limited present their report and accounts for the year ended 30 June 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the leasing of commercial vehicles, plant and equipment, and is likely to remain so for the foreseeable future.

RESULTS

The profit for the year on ordinary activities after taxation amounted to £3,420,523 (1995: £1,170,937) and has been transferred to reserves.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

Directors who held office during the year were:

D.G. Jones	Chairman
J.C. Nicholls	(resigned 30 April 1996)
S.M. Julian	
R. Garratt	
A. Merrick	
S.A. Hutchison	(appointed 1 May 1996)

The beneficial interests of the directors holding office at 30 June 1996, and their immediate families in the ordinary shares of 10p each in Abbey National plc are shown below:

	Shares at 1 July 1995*	At 30 June 1996	Options at 1 July 1995*	Granted	Exercised	At 30 June 1996
D G Jones	2,632	70,960	209,373	38,524	77,216	170,681
S M Julian	2,966	7,848	72,133	8,149	4,832	75,450
R Garratt	3,340	3,390	28,534	18,053	-	46,587
A Merrick	877	927	7,845	5,000	-	12,845
S A Hutchison	1,593	1,643	12,845	-	-	12,845

* or date of appointment, if later.

Options granted to directors under the ultimate parent undertaking's Sharesave Scheme are exercisable at prices between 149p and 466p per share within six months of the fifth or seventh anniversary of the contract start date. Options granted under the Executive Share Option Scheme are exercisable at prices between 254p and 591p per share after three years or five years and before ten years from the date of the grant.

ABBEY NATIONAL JUNE LEASING (1) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

The directors did not have any interest in the shares and debentures of the company or other subsidiaries of Abbey National plc.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

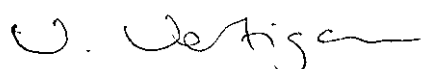
Coopers & Lybrand, the company's auditors, are therefore deemed to be reappointed as the company's auditors for each succeeding financial year, so long as such election remains in force.

DIRECTORS' RESPONSIBILITIES

The directors of Abbey National June Leasing (1) Limited are required by UK company law to prepare 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 the year. They are also responsible for ensuring that proper and adequate accounting records have been maintained, and that reasonable procedures have been followed for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. In respect of the accounts, the directors are required to:

- ensure that appropriate accounting policies, which follow generally accepted accounting practice, have been applied consistently;
- ensure that reasonable and prudent judgements and estimates have been used in the preparation of the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed and to disclose and explain any material departures in the accounts.

By order of the Board

 27/3/97

**For and on behalf of
Abbey National Secretariat Services Ltd.
Company Secretary**

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ABBEY NATIONAL JUNE LEASING (1) LIMITED**

We have audited the accounts on pages 4 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 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 the company's affairs at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

L 4 APR 1997

ABBEY NATIONAL JUNE LEASING (1) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 1996

	Notes	1996 £	1995 £
Turnover	3	<u>11,732,709</u>	<u>10,789,827</u>
Gross profit		11,732,709	10,789,827
Interest receivable	4	49	778
Administrative expenses		(66,243)	(92,305)
Interest payable	5	<u>(6,598,179)</u>	<u>(8,942,055)</u>
Profit on ordinary activities before taxation	6	5,068,336	1,756,245
Taxation	7	<u>(1,647,813)</u>	<u>(585,308)</u>
Retained profit for the year	12	<u><u>3,420,523</u></u>	<u><u>1,170,937</u></u>

All activities of the company are regarded as continuing. The company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

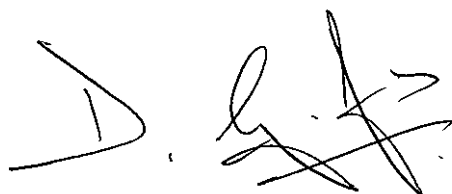
The company's results as reported are on an historical cost basis. Accordingly, no statement of historical cost profits and losses has been presented.

ABBNEY NATIONAL JUNE LEASING (1) LIMITED

BALANCE SHEET
At 30 June 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors			
- amounts falling due after one year			
Net investment in finance leases		371,367,135	110,966,308
- amounts falling due within one year	8	34,930,764	35,128,082
		<hr/>	<hr/>
		406,297,899	146,094,390
CREDITORS			
- amounts falling due within one year	9	(356,519,699)	(124,370,826)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,778,200	21,723,564
PROVISION FOR LIABILITIES AND CHARGES	10	(42,185,547)	(17,551,434)
		<hr/>	<hr/>
		<u>7,592,653</u>	<u>4,172,130</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	7,592,651	4,172,128
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	13	<u>7,592,653</u>	<u>4,172,130</u>

The accounts on pages 4 to 10 were approved by the Board of Directors on 27/3/97 and were signed on its behalf by:



..... Director

ABBEY NATIONAL JUNE LEASING (1) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 June 1996

1. ACCOUNTING POLICIES

Basis of accounting

The company prepares its accounts under the historical cost convention and in accordance with applicable accounting standards.

Net investment in finance leases

Net investment in finance leases is included in debtors and represents total minimum lease payments less gross earnings allocated to future periods.

Deferred taxation

Deferred taxation is recognised only where it is probable that an asset or liability will arise. Recognition is made at rates expected to be applicable when the asset or liability crystallises.

Income from finance leases

Income from finance leases, including benefits from declining tax rates, is credited to the profit and loss account using the actuarial after tax method to give a constant periodic return on the net cash investment.

2. CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Abbey National plc, a company registered in England and Wales.

Accordingly, the company is not required to produce a cash flow statement as prescribed in paragraph 8(c) of Financial Reporting Standard 1, Cash Flow Statements.

3. TURNOVER

Turnover comprises income from finance leases, profit or loss on disposal of leased assets, fees receivable less fees payable. Turnover is stated net of VAT and other sales taxes.

	1996 £	1995 £
Income from finance leases	10,008,680	10,688,782
Profit/(loss) on disposal of leased assets	8,955	(3,145)
Fees receivable	3,745,420	116,646
Fees payable	(2,228,198)	(116,646)
Other rentals receivable	<u>197,852</u>	<u>104,190</u>
	<u>11,732,709</u>	<u>10,789,827</u>

Fees payable to Abbey National Treasury Services plc for the year amounted to £772,381 (1995: £116,646).

ABBNEY NATIONAL JUNE LEASING (1) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 June 1996 - (continued)

4. INTEREST RECEIVABLE

	1996 £	1995 £
In respect of amounts due from fellow subsidiary undertaking	<u>49</u>	<u>778</u>

5. INTEREST PAYABLE

	1996 £	1995 £
In respect of loans repayable on demand from:		
Abbey National Treasury Services plc	<u>6,598,179</u>	<u>8,942,055</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Auditors' remuneration	<u>8,500</u>	<u>9,100</u>

During the year the directors of the company were employed by the ultimate parent undertaking, Abbey National plc. No apportionment of directors' remuneration was made by the parent undertaking to the company (1995: nil).

The company had no directly employed staff during the year (1995: nil).

A management charge of £54,459 (1995: £83,205) in respect of administration and other services was paid to Abbey National Treasury Services plc during the year.

7. TAXATION

	1996 £	1995 £
UK Corporation Tax at 33% (1995: 33%)		
Group relief	(22,986,604)	7,426,949
Deferred tax	24,634,113	(6,895,805)
Provision for tax variation	<u>304</u>	<u>54,164</u>
	<u>1,647,813</u>	<u>585,308</u>

The provision for tax variation arises as a result of changes to corporation tax rates brought about by the Finance Act 1991. The company's finance lease agreements contain tax variation clauses which require the company to pass the benefit of tax rate changes to lessees in the form of reduced future lease rentals receivable.

ABBEY NATIONAL JUNE LEASING (1) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 June 1996 - (continued)

8. DEBTORS

- amounts falling due within one year

	1996 £	1995 £
Amounts due from parent undertakings in respect of group relief	15,466,173	-
Net investment in finance leases	11,259,788	35,128,082
VAT recoverable	4,517,273	-
Other debtors	3,687,530	-
	<u>34,930,764</u>	<u>35,128,082</u>
Cost of assets acquired in the year for the purpose of letting under finance leases	<u>266,499,906</u>	<u>387,978</u>

Gross rentals receivable for the year amounted to £30,312,085 (1995: £55,957,782)

9. CREDITORS

- amounts falling due within one year

	1996 £	1995 £
Amounts due to fellow subsidiary undertakings in respect of group relief	-	8,967,050
Amounts owed to Abbey National Treasury Services plc	342,317,701	85,036,140
Amounts owed to fellow subsidiary undertakings	3,330	3,964
Rentals received in advance	14,065,821	23,624,934
VAT payable	-	6,687,113
Other creditors	132,847	51,625
	<u>356,519,699</u>	<u>124,370,826</u>

The amounts owed to Abbey National Treasury Services plc and fellow subsidiary undertakings are unsecured, repayable on demand and bear interest at market rates.

ABBEY NATIONAL JUNE LEASING (1) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 June 1996 - (continued)

10. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

Deferred taxation provided in the accounts and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1996	1995	1996	1995
	£	£	£	£
Tax effect of timing differences due to excess of tax allowances over depreciation	<u>42,185,547</u>	<u>17,551,434</u>	<u>42,185,547</u>	<u>17,551,434</u>

The movement for deferred taxation is as follows:

Provision at 1 July 1995	17,551,434
Transfer from profit and loss account	<u>24,634,113</u>
Provision at 30 June 1996	<u>42,185,547</u>

11. CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. PROFIT AND LOSS ACCOUNT

	£
At 1 July 1995	4,172,128
Retained profit for the year	<u>3,420,523</u>
At 30 June 1996	<u>7,592,651</u>

• ABBAY NATIONAL JUNE LEASING (1) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 June 1996 - (continued)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Opening shareholders' funds	4,172,130	3,001,193
Profit for the financial year	3,420,523	1,170,937
	<hr/>	<hr/>
Closing shareholders' funds	<u>7,592,653</u>	<u>4,172,130</u>

14. CAPITAL COMMITMENTS

	1996 £	1995 £
Commitments as lessors for the purchase of equipment for use in finance leases	<u>145,307,866</u>	<u>23,061,955</u>

15. ULTIMATE PARENT UNDERTAKING

The company's intermediate parent undertaking is Abbey National Treasury Services plc which is registered in England and Wales. According to the register kept by the company, Abbey National Treasury Services plc had a 100% interest in the equity capital of Abbey National June Leasing (1) Limited at 30 June 1996.

The company's ultimate parent undertaking is Abbey National plc which is registered in England and Wales. Abbey National plc had a 100% interest in the equity capital of Abbey National Treasury Services plc according to the register kept by the latter company at 30 June 1996.

Consolidated accounts for Abbey National plc and Abbey National Treasury Services plc are available from Abbey House, Baker Street, London, NW1 6XL.