

# NWS 12 LIMITED

## ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1991



REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31st DECEMBER 1991

The Directors hereby submit their Report and the audited accounts for the year ended 31st December 1991.

	<u>£000</u>
The accounts of the company show a profit for the financial year of	864
A dividend is proposed of	900
	(36)
The balance brought forward at 1st January 1991 was	39
Leaving a balance to be carried forward of	3

ACTIVITIES OF THE COMPANY

The principal activity of the company is the provision of finance and associated services. The company has conducted its activities throughout the year in a satisfactory manner.

No significant change in the company's activities is foreseen at the present time.

DIRECTORS

The Directors as at 31st December 1991 and their respective interests in the companies within the group were as follows:-

	<u>Bank of Scotland Stock</u>					
	<u>Beneficial</u>		<u>Executive</u>		<u>Savings Related</u>	
	<u>31/12/91</u>	<u>31/12/90</u>	<u>31/12/91</u>	<u>31/12/90</u>	<u>31/12/91</u>	<u>31/12/90</u>
C.H. Bush	**	**	**	**	**	**
R. Littler	**	**	**	**	**	**
J.A. Mercer	**	**	**	**	**	**
J.S. Brown	**	**	**	**	**	**
A.J.J. Bochanski	17,584	10,857	18,810	24,000	-	-
J.S. Hammond	8,430	5,683	32,621	36,000	4,884	3,264
M.R. Perry	42,420	28,170	43,676	64,000	18,321	13,832
T.J. Skinner	7,553	4,429	22,710	12,500	-	-

The Directors' interests at 31st December 1991 are shown post the Bank of Scotland's capitalisation issue of one 25p Stock Unit for every five 25p Stock Units held on 15th May 1991.

Continued.....

REPORT OF THE DIRECTORS (continued)DIRECTORS (continued)

The following Directors were granted or exercised the right to subscribe for Bank of Scotland 25p Stock Units shown against their names during the year:-

<u>Director</u>	<u>Stock Options</u> <u>Granted</u>	<u>Stock Options</u> <u>Exercised</u>
C.H.Bush	**	**
R.Littler	**	**
J.A.Mercer	**	**
J.S.Brown	**	**
A.J.J.Bochenski	7,500	18,850
J.S.Hammond	10,784	22,620
M.R.Perry	11,941	47,757
T.J.Skinner	7,000	-

\*\* The interests of Messrs. C.H.Bush, J.A.Mercer, R.Littler, and J.S.Brown are disclosed in the accounts of NWS BANK plc, the immediate parent undertaking.

The Options granted under the Executive Stock Option Scheme are exercisable between 1992 and 2001 at prices ranging from 55.02p to 119.5p. The Options granted under the Savings Related Stock Option Scheme are exercisable between 1992 and 1998 at prices ranging from 51.08p to 95.6p.

The Articles of Association do not provide for the retirement of Directors by rotation.

BY ORDER OF THE BOARD



R. NIXON

Secretary

NWS House  
600 Gorgie Road  
EDINBURGH

23rd March 1992

We have audited the accounts on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1991 and of its 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  
LIVERPOOL

23rd March 1992

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER 1991

	<u>Notes</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
TURNOVER	2	20,066	21,398
Finance and trading costs		<u>19,257</u>	<u>19,569</u>
GROSS PROFIT		809	1,829
Administration expenses		<u>428</u>	<u>410</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2, 3	381	1,419
Tax on profit on ordinary activities	4	<u>(483)</u>	<u>289</u>
PROFIT FOR THE FINANCIAL YEAR		864	1,130
Proposed dividend		<u>900</u>	<u>800</u>
		(36)	330
Balance brought forward		<u>39</u>	<u>(291)</u>
BALANCE CARRIED FORWARD		<u>3</u>	<u>39</u>

The attached notes form part of these accounts.

BALANCE SHEET AS AT 31st DECEMBER 1991

	<u>Notes</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	5	5,935	6,075
Investment	6	<u>1</u>	<u>1</u>
		5,936	6,076
CURRENT ASSETS			
Debtors	7	176,764	206,771
CREDITORS: payable within one year	8	(64,452)	(63,094)
NET CURRENT ASSETS		<u>112,312</u>	<u>143,677</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		118,248	149,753
CREDITORS: payable after one year	8	(91,353)	(123,055)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	9	(23,172)	(24,100)
DEFERRED INCOME			
Government grants	10	(10)	(25)
Leasing earnings equalisation	11	<u>(1,176)</u>	<u>-</u>
		<u>2,537</u>	<u>2,573</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,924	1,924
Share premium		610	610
Profit and loss account		<u>3</u>	<u>39</u>
		<u>2,537</u>	<u>2,573</u>

..... *J.A. Mercer* ..... DIRECTOR  
J.A. MERCER

The attached notes form part of these accounts.

NOTES ON THE ACCOUNTS1. ACCOUNTING POLICIES(a) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with S226 of, and schedule 4 to, the Companies Act 1985.

The accounts are prepared in accordance with applicable Accounting Standards.

The effects of events relating to the year ended 31st December 1991 which occurred before 23rd March 1992, the date of approval of the accounts by the board of directors, have been included in the accounts to the extent required to show a true and fair view of the state of affairs at 31st December 1991 and of the results for the year ended on that date.

(b) Finance leases and operating leases

The net investment in finance leases is included as a receivable in debtors.

Equipment which is on hire under operating lease agreements is treated as a fixed asset.

(c) Leasing earnings and depreciation

The earnings element of leasing rentals is credited to revenue, after making a deduction for certain initial expenses, in proportion to the funds invested in the related contracts.

The balance of operating lease rentals receivable during the year not attributable to earnings is applied as depreciation of the relative assets leased to customers.

(d) Leasing earnings equalization

The tax benefits resulting from the progressive reduction in rates of corporation tax from 35% in 1989/90 to 33% in 1991/92, incorporated in the Finance Act 1991, were passed on to lessees, where relevant, by way of reduced lease rentals. In order to present the pre-tax earnings on a consistent basis, the tax benefits were treated as deferred income and transferred to the leasing earnings equalisation account. They are credited to revenue, grossed up at the prevailing corporation tax rate, over the period of the related leasing contracts.

(e) Government grants

Government grants receivable on assets leased to customers are credited to revenue, grossed up at the prevailing corporation tax rate, in equal annual instalments over the primary period of the related leases.

NOTES ON THE ACCOUNTS (continued)1. ACCOUNTING POLICIES (continued)(f) Provision for bad debts

Provision is made:-

- (i) specifically against individual balances considered to be of doubtful recoverability;
- (ii) as a general provision against finance debtors to cover unforeseen contingencies.

(g) Deferred taxation

Deferred taxation is determined by the liability method on all timing differences except to the extent that it is considered that such timing differences will continue in the foreseeable future.

2. TURNOVER

Turnover, all of which arose from activities within the United Kingdom, represents finance charges earned on leasing agreements together with government grants, leasing earnings equalisation and income from associated services.

The turnover and pre-tax profit are attributable to one activity, the provision of finance and associated services.

3. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

1991	1990
<u>£000</u>	<u>£000</u>

Profit is stated after crediting:

Finance lease rentals	42,988	30,189
Operating lease rentals	1,619	1,556
Leasing earnings equalisation	65	6
Government grants	22	30
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and after charging:

Intra group interest	18,422	19,001
Bank interest	2	67
Depreciation of operating lease assets	972	921
Directors' remuneration	-	-
Auditors' remuneration - fees	5	5
- other	-	-
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The company has no employees. It uses the services of its immediate parent undertaking for which a management charge, included in administration expenses, is made.



NOTES ON THE ACCOUNTS (continued)4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
The tax charge based on the profit of the year is made up as follows:		
Transfer to deferred taxation	136	7,996
Group relief receivable	(336)	(7,391)
Notional Tax on government grants	7	10
Notional Tax on leasing earnings equalisation	22	2
	<u>(171)</u>	<u>617</u>
Effects of reduction in corporation tax rate (see note 1(d)):		
Release from provision for deferred taxation		
- capital allowances on assets leased to customers	(1,383)	
- short term timing differences	6	
Transfer to leasing earnings equalisation	1,219	
	<u>(158)</u>	<u>-</u>
	<u>(329)</u>	<u>617</u>
Adjustments relating to prior years:		
Group relief	(467)	(68)
Deferred tax	313	(260)
	<u>(483)</u>	<u>289</u>

5. FIXED TANGIBLE ASSETS: OPERATING LEASE ASSETS

	<u>£000</u>
<u>Cost</u>	
At 1st January 1991	7,753
Additions	2,232
Disposals	(2,765)
At 31st December 1991	<u>7,220</u>
<u>Depreciation</u>	
At 1st January 1991	1,678
Disposals	(1,365)
Charge for year	972
At 31st December 1991	<u>1,285</u>
Net book value at 31st December 1991	<u>5,935</u>

6. FIXED ASSET INVESTMENT

The company owns all the issued share capital of Industrial Bank of Scotland Limited which is registered in England. Group accounts are not submitted as the company is a wholly owned subsidiary undertaking of another body corporate (see note 13).

NOTES ON THE ACCOUNTS (continued)7. DEBTORS

	<u>1991</u> <u>Receivable</u>			<u>1990</u> <u>Receivable</u>		
	within one year £000	after one year £000	Total £000	within one year £000	after one year £000	Total £000
Finance lease debtors	64,307	110,200	174,507	47,947	143,246	191,193
Group relief receivable	929	-	929	7,519	-	7,519
Amount owed by subsidiary undertaking	145	-	145	145	-	145
VAT	-	-	-	6,852	-	6,852
Other debtors	1,119	64	1,183	900	162	1,062
	<u>66,500</u>	<u>110,264</u>	<u>176,764</u>	<u>63,363</u>	<u>143,408</u>	<u>206,771</u>

The cost of assets acquired during the year for the purpose of finance leasing was £13,644,106 (1990:£54,133,771).

8. CREDITORS

	<u>1991</u> <u>Payable</u>		<u>1990</u> <u>Payable</u>	
	within one year £000	after one year £000	within one year £000	after one year £000
Amount owed to immediate parent undertaking	54,090	91,353	45,122	123,055
VAT	841	-	-	-
Proposed dividend	900	-	800	-
Other creditors	8,621	-	17,172	-
	<u>64,452</u>	<u>91,353</u>	<u>63,094</u>	<u>123,055</u>

9. DEFERRED TAXATION

Full provision has been made as follows:

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Capital allowances on assets leased to customers	23,487	24,198
Short term timing differences	(315)	(98)
	<u>23,172</u>	<u>24,100</u>

10. GOVERNMENT GRANTS

	<u>£000</u>
Balance at 1st January 1991	25
Credit to profit and loss account (notes 3 and 4)	15
Balance at 31st December 1991	<u>10</u>

NOTES ON THE ACCOUNTS (continued)

11. <u>LEASING EARNINGS EQUALISATION</u>	<u>£000</u>
Balance at 1st January 1991	-
Transfer from profit and loss account	1,219
	<u>1,219</u>
Credit to profit and loss account (notes 3 and 4)	43
Balance at 31st December 1991	<u>1,176</u>

12. <u>SHARE CAPITAL</u>	<u>1991</u>	<u>1990</u>
Ordinary shares of £1 each		
Authorised	2,500,000	2,500,000
Issued and fully paid	<u>1,923,909</u>	<u>1,923,909</u>

13. PARENT UNDERTAKINGS

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is the Governor and Company of the Bank of Scotland, constituted by Act of the Scottish Parliament in 1695, and the parent undertaking of the smallest such group is NWS BANK plc, registered in England. Copies of Bank of Scotland's accounts can be obtained from The Mound, Edinburgh and copies of NWS BANK plc's accounts can be obtained from City Road, Chester.