

Leeds Leasing plc

Directors' report and financial statements

30 September 1996

Registered number 588708



Leeds Leasing plc

Directors' report and financial statements

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Leeds Leasing plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 1996.

Principal activities

The principal activity of the company is the leasing of plant and equipment to commercial concerns.

Business review

The company has made a profit before taxation for the year of £517,394.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

R D Wade
J A Schofield
A C Wardner

The director retiring by rotation is Mr A C Wardner who, being eligible, offers himself for re-election.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Leeds Group plc, the ultimate parent company, as recorded in the register of directors' share and debenture interests:

	Number of shares	
	Interest at end of year	Interest at beginning of year
A C Wardner	8,847	13,826

Leeds Leasing plc

Directors' report *(continued)*

Directors and directors' interests *(continued)*

According to the register of directors' interests, no rights to subscribe for shares in or debentures of Leeds Group plc were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as follows.

	Number of shares At beginning and end of year	Exercise prices	Exercisable dates
A C Wardner	10,867	153p to 222p	June 1997 to May 2001

Mr R D Wade and Mr J A Schofield are directors of Leeds Group plc and their interests are disclosed in the directors' report of that company.

Creditor payment policy

It is company policy to agree terms of payment in advance and to pay according to those agreed terms and any other legal obligations.

Leeds Leasing plc

Auditors' report to the members of Leeds Leasing plc

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3 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.

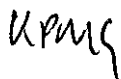
Basis of opinion

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 30 September 1996 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
Leeds

9 December 1996

Leeds Leasing plc

Profit and loss account

for the year ended 30 September 1996

		Continuing Activities	
	Note	1996 £	1995 £
Gross earnings from finance leases	1	1,110,627	1,002,014
Commission payable		(143,833)	(123,660)
Gross profit		966,794	878,354
Administrative expenses		(425,306)	(345,699)
Operating profit		541,488	532,655
Interest payable and similar charges	5	(24,094)	(30,740)
Profit on ordinary activities before taxation	2-4	517,394	501,915
Tax on profit on ordinary activities	6	(267,654)	(218,715)
Profit on ordinary activities after taxation for the financial year		249,740	283,200
Retained profit brought forward		1,821,891	1,538,691
Retained profit carried forward		2,071,631	1,821,891

The company had no recognised gains or losses other than the profit for the year shown above in either 1995 or 1996.

A reconciliation of movements in shareholders' funds is given at note 12 to the financial statements.

Leeds Leasing plc

Directors' report *(continued)*

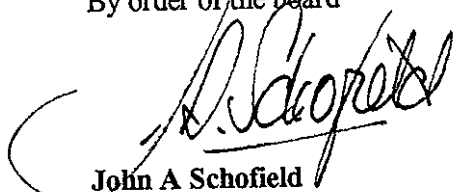
Statement of directors' responsibilities

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 and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 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 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.

By order of the board



John A Schofield

Secretary

9 December 1996

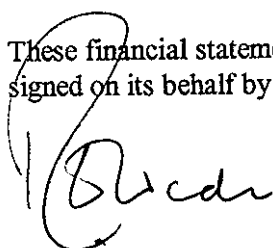
*Schofield House
Gateway Drive
Yeadon
LEEDS
LS19 7XY*

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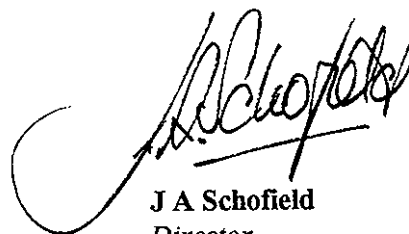
Balance sheet at 30 September 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7		34,182		31,132
Current assets					
Debtors	8	3,989,106		3,565,202	
Cash at bank and in hand		150		100	
		<u>3,989,256</u>		<u>3,565,302</u>	
Creditors: amounts falling due within one year	9	<u>(1,901,807)</u>		<u>(1,724,543)</u>	
Net current assets		<u>2,087,449</u>		<u>1,840,759</u>	
Of which:					
due within one year			420,581		284,685
debtors due after more than one year	8		1,666,868		1,556,074
Net assets			<u>2,121,631</u>		<u>1,871,891</u>
Capital and reserves					
Called up share capital	11		50,000		50,000
Profit and loss account			2,071,631		1,821,891
Equity shareholders' funds			<u>2,121,631</u>		<u>1,871,891</u>

These financial statements were approved by the board of directors on 9 December 1996 and were signed on its behalf by:



R D Wade
Director



J A Schofield
Director

Leeds Leasing plc

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	5 years
Office equipment	-	3 to 5 years

Pension costs

Certain employees are members of one of four defined contribution pension schemes operated by the Leeds Group plc. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Gross earnings from finance leases

Gross earnings from finance leases are allocated to accounting periods to give a constant rate of return on the company's net investment in those leases.

Leasing assets

Amounts receivable under finance leases are recorded as debtors at the aggregate amount of the company's net investment in those leases after making appropriate provisions for bad and doubtful rentals receivable.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Leeds Leasing plc

Notes (continued)

2 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	8,000	8,000
Other services	2,000	-
Depreciation and other amounts written off tangible fixed assets	14,148	10,006
Operating lease - land and buildings	17,375	14,750
<i>after crediting</i>		
Other rentals receivable under finance leases	<u>4,024,413</u>	<u>3,361,435</u>

3 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
Remuneration as an executive	36,359	34,566
Pension contributions	12,435	8,981
	<u>48,794</u>	<u>43,547</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1995:£nil) and those of the highest paid director are disclosed fully above.

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1996	1995
£0 - £ 5,000	2	2
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-

Benefits in kind include car, fuel, telephone, and medical benefits.

The share options which have been granted to the company directors are set out on page 2 of the directors' report.

Leeds Leasing plc

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 20 (1995: 14).

The aggregate payroll costs of these persons were as follows:

	1996 £	1995 £
Wages and salaries	204,110	185,856
Social security costs	14,950	12,945
Other pension costs (note 14)	8,946	9,508
	<u>228,006</u>	<u>208,309</u>

5 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	3,209	5,838
On all other loans	20,885	24,902
	<u>24,094</u>	<u>30,740</u>

6 Taxation

	1996 £	1995 £
UK corporation tax	267,538	221,469
Adjustment relating to an earlier year	116	3,562
Deferred taxation	-	(6,316)
	<u>267,654</u>	<u>218,715</u>

Leeds Leasing plc

Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>			
At beginning of year	50,018	28,599	78,617
Additions	11,923	5,275	17,198
At end of year	61,941	33,874	95,815
<i>Depreciation and diminution in value</i>			
At beginning of year	18,886	28,599	47,485
Charge for year	12,390	1,758	14,148
At end of year	31,276	30,357	61,633
<i>Net book value</i>			
At 30 September 1996	30,665	3,517	34,182
At 30 September 1995	31,132	-	31,132

8 Debtors

	1996		1995	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Trade debtors	80,672	-	66,611	-
Finance lease receivables	2,241,566	1,666,868	1,942,517	1,556,074
	2,322,238	1,666,868	2,009,128	1,556,074

The company has acquired assets at a cost of £3,627,663 (1995: £2,788,357) during the year for the purposes of letting under finance leases.

Leeds Leasing plc

Notes (continued)

9 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	185,928	142,423
Trade creditors	285,120	263,940
Amounts owed to group undertakings	317,473	339,638
Other creditors including taxation and social security:		
Corporation tax	267,538	221,469
Accruals and deferred income	845,748	757,073
	<u>1,901,807</u>	<u>1,724,543</u>

10 Provisions for liabilities and charges

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method at a rate of 33% are set out below:

	1996		1995	
	Amount provided in the accounts £	Full potential asset £	Amount provided in the accounts £	Full potential asset £
Accelerated capital allowances	-	(114,600)	-	(23,311)
Other timing differences	-	(30,958)	-	(25,706)
	<u>-</u>	<u>(145,558)</u>	<u>-</u>	<u>(49,017)</u>

11 Called up share capital

	1996 £	1995 £
Authorised		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Leeds Leasing plc

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	249,740	283,200
Opening shareholders' funds	1,871,891	1,588,691
Closing shareholders' funds	<u>2,121,631</u>	<u>1,871,891</u>

13 Commitments

There were no contracted capital commitments at 30 September 1996 (1995: *£nil*).

Annual commitments under non-cancellable operating leases are as follows:

	1996 £	1995 £
Operating leases on land and buildings which expire		
Within one year	-	14,750
Greater than five years	<u>30,000</u>	<u>-</u>

14 Pension scheme

Certain employees are members of one of four defined contribution pension schemes operated by the Leeds Group plc. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £8,946 (1995: £9,508).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

15 Ultimate parent company

The ultimate parent company in which the results of the company are consolidated is Leeds Group plc a company incorporated in Great Britain. The consolidated accounts of Leeds Group plc are available to the public and may be obtained from:

The Company Secretary
Leeds Group plc
Carter House
Guiseley
LEEDS
LS20 8NH