

Leeds Leasing plc

Directors' report and financial statements

30 September 1998

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 1998.

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 £701,460

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
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

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 the following options.

	Number of share options		
	At end of year	Lapsed in year	At beginning of year
A C Wardner	8,216	(10,867)	19,083

The outstanding options have been granted at prices between 109p to 138p and were exercisable between December 1999 and December 2006.

Mr R D Wade is a director of Leeds Group plc and his interests are disclosed in the directors' report of that company.

Creditor payment policy

It is company policy to pay suppliers for goods subject to third party leases at the time contracts are executed and the relevant goods delivered. All other suppliers are paid within one month of the invoice date. The company had one days purchases outstanding at 30 September 1998 based on the average daily amount invoiced by suppliers during the year then ended.

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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



D H Bowler

Secretary

14 December 1998

*Schofield House
Gateway Drive
Yeadon
LEEDS
LS19 7XY*

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Yours faithfully

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

14 December 1998

Leeds Leasing plc

Profit and loss account for the year ended 30 September 1998

	<i>Note</i>	1998 £	1997 £
Gross earnings from finance leases	<i>1</i>	1,463,469	1,152,897
Commission payable		(115,997)	(120,505)
Gross profit		1,347,472	1,032,392
Administrative expenses		(617,286)	(478,954)
Operating profit		730,186	553,438
Interest receivable and similar income	<i>5</i>	-	1,000
Interest payable and similar charges	<i>5</i>	(28,726)	(7,921)
Profit on ordinary activities before taxation	<i>2-4</i>	701,460	546,517
Tax on profit on ordinary activities	<i>6</i>	(352,777)	(257,492)
Profit on ordinary activities after taxation for the financial year		348,683	289,025
Retained profit brought forward		2,360,656	2,071,631
Retained profit carried forward		2,709,339	2,360,656

The company had no recognised gains or losses other than the profit for the year shown above in either 1997 or 1998.

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

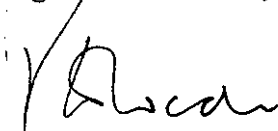
Leeds Leasing plc

Balance sheet

at 30 September 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	7		54,544		35,822
Current assets					
Debtors	8	5,480,845		3,787,417	
Cash at bank and in hand		150		150	
		<u>5,480,995</u>		<u>3,787,567</u>	
Creditors: amounts falling due within one year	9	(2,776,200)		(1,412,733)	
Net current assets		<u>2,704,795</u>		<u>2,374,834</u>	
Of which:					
due within one year			115,228		1,033,235
debtors due after more than one year	8		2,589,567		1,341,599
Net assets			<u>2,759,339</u>		<u>2,410,656</u>
Capital and reserves					
Called up share capital	11		50,000		50,000
Profit and loss account			2,709,339		2,360,656
Equity shareholders' funds			<u>2,759,339</u>		<u>2,410,656</u>

These financial statements were approved by the board of directors on 14 December 1998 and were signed on its behalf by:



R D Wade
Director



A C Wardner
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 three defined contribution pension schemes operated by 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.

Leeds Leasing plc

Notes (continued)

1 Accounting policies (continued)

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.

2 Profit on ordinary activities before taxation

	1998 £	1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	9,000	9,000
Other services	-	-
Depreciation and other amounts written off tangible fixed assets	19,478	13,283
Operating lease - land and buildings	30,000	30,000
<i>after crediting</i>		
Other rentals receivable under finance leases	<u>4,718,226</u>	<u>4,281,266</u>

3 Remuneration of directors

	1998 £	1997 £
Directors' emoluments:		
Remuneration as an executive	37,993	37,242
Pension contributions	12,343	13,503
	<u>50,336</u>	<u>50,745</u>

During the year one director paid pension contributions into a money purchase pension scheme.

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 22 (1997: 21).

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	338,453	258,694
Social security costs	25,777	18,892
Other pension costs (note 14)	15,626	11,198
	<u>379,856</u>	<u>288,784</u>

5 Interest

	1998 £	1997 £
Interest payable and similar charges		
On bank loans, overdrafts and other loans wholly repayable within five years	1,829	3,086
On loans from group undertakings	26,897	4,835
	<u>28,726</u>	<u>7,921</u>
Interest receivable and similar income		
Other income	-	1,000
	<u>-</u>	<u>1,000</u>

6 Taxation

	1998 £	1997 £
UK corporation tax	356,114	257,492
Adjustment relating to an earlier year	(3,337)	-
	<u>352,777</u>	<u>257,492</u>

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Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>			
At beginning of year	68,766	5,275	74,041
Additions	40,024	5,328	45,352
Disposals	(24,623)	-	(24,623)
At end of year	84,167	10,603	94,770
<i>Depreciation and diminution in value</i>			
At beginning of year	34,702	3,517	38,219
Charge for year	15,944	3,534	19,478
Disposals	(17,471)	-	(17,471)
At end of year	33,175	7,051	40,226
<i>Net book amount</i>			
At 30 September 1998	<u>50,992</u>	<u>3,552</u>	<u>54,544</u>
At 30 September 1997	<u>34,064</u>	<u>1,758</u>	<u>35,822</u>

8 Debtors

	1998		1997	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Trade debtors	129,632	-	69,868	-
Finance lease receivables	2,735,729	2,589,567	2,156,185	1,341,599
Amounts owed by group undertakings	588	-	219,765	-
Other debtors	25,329	-	-	-
	<u>2,891,278</u>	<u>2,589,567</u>	<u>2,445,818</u>	<u>1,341,599</u>

The company has acquired assets at a cost of £5,348,199 (1997: £3,056,666) during the year for the purposes of letting under finance leases.

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Notes (continued)

9 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	98,981	96,332
Trade creditors	11,083	20,376
Amounts owed to group undertakings	1,227,636	-
Other creditors including taxation and social security:		
Corporation tax	356,114	257,492
Accruals and deferred income	1,082,386	1,038,533
	<u>2,776,200</u>	<u>1,412,733</u>

10 Provisions for liabilities and charges

The amounts provided for deferred taxation and the full potential asset are set out below:

	1998		1997	
	Amount provided in the accounts £	Full potential asset £	Amount provided in the accounts £	Full potential asset £
Accelerated capital allowances	-	(291,937)	-	(193,037)
Other timing differences	-	(36,360)	-	(23,655)
	<u>-</u>	<u>(328,297)</u>	<u>-</u>	<u>(216,692)</u>

11 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called up and fully paid</i>		
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

	1998 £	1997 £
Profit for the financial year	348,683	289,025
Opening shareholders' funds	2,410,656	2,121,631
Closing shareholders' funds	<u>2,759,339</u>	<u>2,410,656</u>

13 Commitments

Capital commitments contracted at 30 September 1998 were £12,500 (1997: £16,260).

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

	1998 £	1997 £
Operating leases on land and buildings which expire Within two to five years	<u>30,000</u>	<u>30,000</u>

14 Pension scheme

Certain employees are members of one of three defined contribution pension schemes operated by Leeds Group plc. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £15,626 (1997: £11,198). 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