

Leeds Leasing plc

Directors' report and financial statements

30 September 1999

Registered number 588708



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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 1999.

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 £640,296 (1998: £701,460). This represents another good performance despite lower interest rates and intensifying competition from larger lenders seeking to enter the niche entertainment, leisure and catering markets. It is the company's intent to pursue a policy of controlled growth which should result in growth in both the range of products offered and the markets in which we operate.

Proposed dividend

The directors do not recommend the payment of a dividend (1998: £nil).

Directors and directors' interests

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

R D Wade	(resigned 20 May 1999)
A C Wardner	
C J Marsden	
M J Wilson	(appointed 12 April 1999)

Mr J W Blanchflower was appointed as a director on 29 October 1999.

The director retiring by rotation is Mr M J Wilson 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, or in the shares of Leeds Group plc, the ultimate parent company.

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 beginning and end of year
A C Wardner	8,216

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

Mr M J Wilson 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 day's purchases outstanding at 30 September 1999 based on the average daily amount invoiced by suppliers during the year then ended.

Year 2000 Compliance

The company has made the necessary effort to ensure that computer systems have Year 2000 compliance. A review of all computer hardware and software was undertaken and any modifications to ensure Year 200 compliance were performed. The directors have no reason to believe that any potential problems remain unresolved.

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



D H Bowler
Secretary
13 December 1999

*Schofield House
Gateway Drive
Yeadon
LEEDS
LS19 7XY*

Leeds Leasing plc

Report of the auditors, KPMG Audit Plc, 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

13 December 1999

Leeds Leasing plc

Profit and loss account

for the year ended 30 September 1999

	<i>Note</i>	1999 £	1998 £
Gross earnings from finance leases	<i>1</i>	1,713,827	1,463,469
Commission payable		(149,119)	(115,997)
Gross profit		1,564,708	1,347,472
Administrative expenses		(842,125)	(617,286)
Operating profit		722,583	730,186
Interest receivable and similar income	<i>5</i>	488	-
Interest payable and similar charges	<i>5</i>	(82,775)	(28,726)
Profit on ordinary activities before taxation	<i>2</i>	640,296	701,460
Tax on profit on ordinary activities	<i>6</i>	(184,158)	(352,777)
Profit on ordinary activities after taxation for the financial year		456,138	348,683
Retained profit brought forward		2,709,339	2,360,656
Retained profit carried forward		3,165,477	2,709,339

The company had no recognised gains or losses other than the profit for the year shown above in either 1998 or 1999.

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

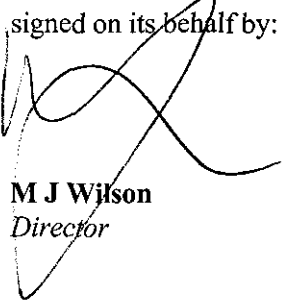
Leeds Leasing plc

Balance sheet

at 30 September 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	7		40,588		54,544
Current assets					
Debtors	8	6,523,551		5,480,845	
Cash at bank and in hand		150		150	
		<u>6,523,701</u>		<u>5,480,995</u>	
Creditors: amounts falling due within one year	9	(3,348,812)		(2,776,200)	
Net current assets		<u>3,174,889</u>		<u>2,704,795</u>	
Of which:					
due within one year			183,987		115,228
debtors due after more than one year	8		2,990,902		2,589,567
Net assets			<u><u>3,215,477</u></u>		<u><u>2,759,339</u></u>
Capital and reserves					
Called up equity share capital	11		50,000		50,000
Profit and loss account			3,165,477		2,709,339
Equity shareholders' funds			<u><u>3,215,477</u></u>		<u><u>2,759,339</u></u>

These financial statements were approved by the board of directors on 13 December 1999 and were signed on its behalf by:


M J Wilson
Director



J W Blanchflower
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 (revised 1996), 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

	1999 £	1998 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	10,000	9,000
Other services	-	-
Depreciation and other amounts written off tangible fixed assets	17,214	19,478
Operating lease - land and buildings	30,000	30,000
<i>after crediting</i>		
Other rentals receivable under finance leases	<u>5,469,170</u>	<u>4,718,266</u>

3 Remuneration of directors

	1999 £	1998 £
Directors' emoluments:		
Remuneration as an executive	41,391	37,993
Pension contributions	14,802	12,343
	<u>56,193</u>	<u>50,336</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 24 (1998: 22).

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	372,244	338,453
Social security costs	38,900	25,777
Other pension costs (note 14)	20,707	15,626
	<u>431,851</u>	<u>379,856</u>

5 Interest

	1999 £	1998 £
Interest payable and similar charges		
On bank loans, overdrafts and other loans wholly repayable within five years	152	1,829
On loans from group undertakings	82,623	26,897
	<u>82,775</u>	<u>28,726</u>
Interest receivable and similar income		
Other income	488	-
	<u>488</u>	<u>-</u>

6 Taxation

	1999 £	1998 £
UK corporation tax	184,158	356,114
Adjustment relating to an earlier year	-	(3,337)
	<u>184,158</u>	<u>352,777</u>

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Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>			
At beginning of year	84,167	10,603	94,770
Additions	12,500	-	12,500
Disposals	(32,148)	-	(32,148)
At end of year	64,519	10,603	75,122
<i>Depreciation</i>			
At beginning of year	33,175	7,051	40,226
Charge for year	15,438	1,776	17,214
Disposals	(22,906)	-	(22,906)
At end of year	25,707	8,827	34,534
<i>Net book amount</i>			
At 30 September 1999	38,812	1,776	40,588
At 30 September 1998	50,992	3,552	54,544

8 Debtors

	1999		1998	
	Due within one year £	Due after More than One year £	Due within one year £	Due after more than one year £
Trade debtors	148,424	-	129,632	-
Finance lease receivables	3,338,594	2,990,902	2,735,729	2,589,567
Amounts owed by group undertakings	-	-	588	-
Other debtors	45,631	-	25,329	-
	3,532,649	2,990,902	2,891,278	2,589,567

The company has acquired assets at a cost of £5,319,241 (1998: £5,348,199) 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

	1999 £	1998 £
Bank loans and overdrafts	224,395	98,981
Trade creditors	10,380	11,083
Amounts owed to group undertakings	1,790,809	1,227,636
Other creditors including taxation and social security:		
Corporation tax	186,154	356,114
Accruals and deferred income	1,137,074	1,082,386
	<u>3,348,812</u>	<u>2,776,200</u>

10 Provisions for liabilities and charges

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

	1999		1998	
	Amount provided in the accounts £	Full potential asset £	Amount provided in the accounts £	Full potential asset £
Accelerated capital allowances	-	(354,181)	-	(291,937)
Other timing differences	-	(36,363)	-	(36,360)
	-	(390,544)	-	(328,297)

11 Called up equity share capital

	1999 £	1998 £
<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

	1999 £	1998 £
Opening shareholders' funds	2,759,339	2,410,656
Profit for the financial year	456,138	348,683
Closing shareholders' funds	<u>3,215,477</u>	<u>2,759,339</u>

13 Commitments

Capital commitments contracted at 30 September 1999 were £21,900 (1998: £12,500).

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

	1999 £	1998 £
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 £20,707 (1998: £15,626). 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 and registered in England and Wales. No intermediate parent undertaking consolidates the results of this company.

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