

Leeds Leasing plc

Directors' report and financial statements

30 September 2000

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 2000.

Principal activities

The principal activity of the company is the leasing of equipment to businesses.

Business review

The company has made a profit before taxation for the year of £772,607 (1999: £640,296). This represents another good performance despite competition from larger lenders seeking to enter the niche entertainment, leisure and catering markets. This performance also reflects the company's stated intention to pursue a policy of controlled growth, as referred to in last year's Directors' Report.

Proposed dividend

A dividend of £2,000,000 was paid during the year. No further dividends are proposed in respect of the year (1999: £nil).

Directors and directors' interests

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

Mr J W Blanchflower	(appointed 29 October 1999)
C J Marsden	
M J Wilson	
A C Wardner	(retired 31 December 1999)

Mr J W Blanchflower, who was appointed on 29 October 1999, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. The director retiring by rotation is Mr C J Marsden who, being eligible, offers himself for re-election.

Mr J W Blanchflower had no disclosable interest in the shares of the company, nor in the shares of Leeds Group plc, the ultimate parent company. The interests of Mr C J Marsden and Mr M J Wilson, who are directors of Leeds Group plc, are disclosed in the financial statements of that 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 end of year	Granted in year	At beginning of year
J W Blanchflower	20,000	20,000	-

The outstanding options have been granted at a price of 40p and are exercisable between January 2003 and January 2010.

Mr C J Marsden and Mr M J Wilson 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 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 2000 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



R M Thornton

Secretary

11 December 2000

*Schofield House
Gateway Drive
Yeadon
LEEDS
LS19 7XY*



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the auditors to the members of Leeds Leasing plc

We have audited the accounts on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 as at 31 January 2000 and of its result 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

11 December 2000

Leeds Leasing plc

Profit and loss account

for the year ended 30 September 2000

	Note	2000 £	1999 £
Gross earnings from finance leases	1	2,244,344	1,712,147
Commission receivable		13,017	1,680
Commission payable		(101,873)	(149,119)
Gross profit		2,155,488	1,564,708
Administrative expenses		(946,266)	(842,125)
Other operating income		3,131	-
Operating profit		1,212,353	722,583
Interest receivable and similar income	5	-	488
Interest payable and similar charges	5	(439,746)	(82,775)
Profit on ordinary activities before taxation	2	772,607	640,296
Tax on profit on ordinary activities	6	(316,268)	(184,158)
Profit on ordinary activities after taxation for the financial year		456,339	456,138
Equity dividends	7	(2,000,000)	-
(Unrecovered loss)/retained profit for the financial year		(1,543,661)	456,138
Retained profit brought forward		3,165,477	2,709,339
Retained profit carried forward		1,621,816	3,165,477

The company had no recognised gains or losses other than the profit for the year shown above in either 1999 or 2000.

A reconciliation of movements in shareholders' funds is given in note 15 to the financial statements.

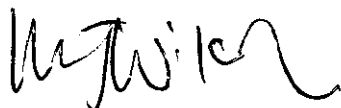
Leeds Leasing plc

Balance sheet

at 30 September 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	73,882	40,588
Current assets			
Debtors	9	13,096,732	6,523,551
Cash at bank and in hand		150	150
		<u>13,096,882</u>	<u>6,523,701</u>
Creditors: amounts falling due within one year	10	<u>(7,223,832)</u>	<u>(3,348,812)</u>
Net current assets		5,873,050	3,174,889
Of which:			
due within one year		(1,223,046)	183,987
debtors due after more than one year	9	7,096,096	2,990,902
Total assets less current liabilities		<u>5,946,932</u>	<u>3,215,477</u>
Creditors: amounts falling due after more than one year	11	<u>(4,275,116)</u>	<u>-</u>
Net assets		<u><u>1,671,816</u></u>	<u><u>3,215,477</u></u>
Capital and reserves			
Called up equity share capital	14	50,000	50,000
Profit and loss account		1,621,816	3,165,477
Equity shareholders' funds	15	<u><u>1,671,816</u></u>	<u><u>3,215,477</u></u>

These financial statements were approved by the board of directors on 11 December 2000 and were signed on its behalf by:



M J Wilson
Director



J W Blanchflower
Director

Leeds Leasing plc

Notes to 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 (ie after deduction of unearned charges) after making appropriate provisions for bad and doubtful rentals receivable.

Commission assets

Commissions paid on finance lease assets acquired are spread over the life of the lease.

Leeds Leasing plc

Notes (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

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	10,000	10,000
Depreciation and other amounts written off tangible fixed assets	16,992	17,214
Operating lease - land and buildings	30,000	30,000
	<u> </u>	<u> </u>

3 Remuneration of directors

	2000 £	1999 £
Directors' emoluments:		
Executive remuneration	115,590	41,391
Pension contributions	510	14,802
	<u> </u>	<u> </u>
	116,100	56,193
	<u> </u>	<u> </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 (1999: 24).

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	471,215	372,244
Social security costs	42,615	38,900
Other pension costs (note 17)	12,058	20,707
	<u>525,888</u>	<u>431,851</u>

5 Interest

	2000 £	1999 £
Interest payable and similar charges		
On bank loans, overdrafts and other loans wholly repayable within five years	211,657	152
On loans from group undertakings	228,089	82,623
	<u>439,746</u>	<u>82,775</u>
Interest receivable and similar income		
Other income	-	488
	<u>-</u>	<u>488</u>

6 Taxation

	2000 £	1999 £
UK corporation tax	279,000	184,158
Adjustment relating to earlier years	37,268	-
	<u>316,268</u>	<u>184,158</u>

Leeds Leasing plc

Notes (continued)

7 Equity dividends

	2000 £	1999 £
£40 per ordinary share	<u>2,000,000</u>	<u>-</u>

8 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>			
At beginning of year	64,519	10,603	75,122
Additions	64,431	6,300	70,731
Disposals	(40,519)	(1,818)	(42,337)
At end of year	<u>88,431</u>	<u>15,085</u>	<u>103,516</u>
<i>Depreciation</i>			
At beginning of year	25,707	8,827	34,534
Charge for year	13,898	3,094	16,992
Disposals	(20,640)	(1,252)	(21,892)
At end of year	<u>18,965</u>	<u>10,669</u>	<u>29,634</u>
<i>Net book amount</i>			
At 30 September 2000	<u>69,466</u>	<u>4,416</u>	<u>73,882</u>
At 30 September 1999	<u>38,812</u>	<u>1,776</u>	<u>40,588</u>

Leeds Leasing plc

Notes (continued)

9 Debtors

	2000		1999	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Trade debtors	185,171	-	148,424	-
Finance lease receivables	5,256,408	7,096,096	3,338,594	2,990,902
Amounts owed by group undertakings	8,297	-	-	-
Other debtors	109,100	-	45,631	-
Prepayments and accrued income	32,660	-	-	-
Commission prepayment	409,000	-	-	-
	<u>6,000,636</u>	<u>7,096,096</u>	<u>3,532,649</u>	<u>2,990,902</u>

The company has acquired assets at a cost of £11,592,694 (1999: £5,319,241) during the year for the purposes of letting under finance leases.

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdrafts	1,152,873	224,395
Bank loans (note 12)	4,186,058	-
Trade creditors	6,926	10,380
Amounts owed to group undertakings	49,398	1,790,809
Other creditors including taxation and social security:		
Corporation tax	182,768	186,154
Accruals and deferred income	1,645,809	1,137,074
	<u>7,223,832</u>	<u>3,348,812</u>

11 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans (note 12)	<u>4,275,116</u>	<u>-</u>

Leeds Leasing plc

Notes (continued)

12 Bank loans

Bank loans are repayable by instalments as follows:

	2000 £	1999 £
Within one year	4,186,058	-
Between one and two years	3,558,184	-
Between two and five years	716,932	-
	<u>8,461,174</u>	<u>-</u>

During the year, the company entered into three loan arrangements all of which are supported by a parent company guarantee. The loans are at fixed rates of interest of between 7.647% and 8.50% and are repayable in monthly instalments.

13 Provisions for liabilities and charges

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

	2000 Amount provided in the accounts £	Full potential asset £	1999 Amount provided in the accounts £	Full potential asset £
Accelerated capital allowances	-	432,208	-	354,181
Other timing differences	-	13,317	-	36,363
	<u>-</u>	<u>445,525</u>	<u>-</u>	<u>390,544</u>

14 Called up share capital

	2000 £	1999 £
<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)

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	3,215,477	2,759,339
Profit for the financial year	456,339	456,138
Dividends	(2,000,000)	-
Closing shareholders' funds	<u>1,671,816</u>	<u>3,215,477</u>

16 Commitments

Capital commitments contracted at 30 September 2000 were nil (1999: £21,900).

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

	2000 £	1999 £
Operating leases on land and buildings which expire		
Within two to five years	<u>30,000</u>	<u>- 30,000</u>

17 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 schemes and amounted to £12,058 (1999: £20,707). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18 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
Guiselley
LEEDS
LS20 8NH