

# Leeds Leasing plc

Directors' report and financial statements

30 September 2001

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 2001.

### Principal activity

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 £886,714 (2000: £772,607). The performance for the year represents a good result and growth on the improved performance in 2000. Business development in all our areas of business has been considerable in 2001 and should provide a platform for future growth in 2002 and the years to come.

### Dividends

The Directors do not recommend the payment of a dividend (2000: £2,000,000).

### Directors and directors' interests

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

J W Blanchflower  
C J Marsden  
M J Wilson  
R M Thornton (appointed 11 December 2000)

Mr R M Thornton, who was appointed on 11 December 2000, 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 and Mr R M Thornton 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.

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. Mr J W Blanchflower had 20,000 share options outstanding throughout the financial year. The options have been granted at a price of 40p and are exercisable between January 2003 and January 2010. The market value of Leeds Group plc shares between 1 October 2000 and 30 September 2001 ranged between 40.5p and 55.0p and as at 30 September 2001 was 44.5p.

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 2001 based on the average daily amount invoiced by suppliers during the year then ended.

# 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



**R M Thornton**  
*Secretary*  
19 December 2001

*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 4 to 12.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 2001 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*  
19 December 2001

# Leeds Leasing plc

## Profit and loss account for the year ended 30 September 2001

|                                                                                | <i>Note</i> | <b>2001</b><br>£   | <b>2000</b><br>£   |
|--------------------------------------------------------------------------------|-------------|--------------------|--------------------|
| <b>Gross earnings from finance leases</b>                                      | <i>1</i>    | <b>3,010,740</b>   | <b>2,244,344</b>   |
| Commission receivable                                                          |             | <b>53,889</b>      | <b>13,017</b>      |
| Commission payable                                                             |             | <b>(256,144)</b>   | <b>(101,873)</b>   |
|                                                                                |             | <hr/>              | <hr/>              |
| <b>Gross profit</b>                                                            |             | <b>2,808,485</b>   | <b>2,155,488</b>   |
| Administrative expenses                                                        |             | <b>(1,175,597)</b> | <b>(946,266)</b>   |
| Other operating income                                                         |             | <b>50,178</b>      | <b>3,131</b>       |
|                                                                                |             | <hr/>              | <hr/>              |
| <b>Operating profit</b>                                                        |             | <b>1,683,066</b>   | <b>1,212,353</b>   |
| Interest payable and similar charges                                           | <i>5</i>    | <b>(796,352)</b>   | <b>(439,746)</b>   |
|                                                                                |             | <hr/>              | <hr/>              |
| <b>Profit on ordinary activities before taxation</b>                           | <i>2</i>    | <b>886,714</b>     | <b>772,607</b>     |
| Tax on profit on ordinary activities                                           | <i>6</i>    | <b>179,000</b>     | <b>(316,268)</b>   |
|                                                                                |             | <hr/>              | <hr/>              |
| <b>Profit on ordinary activities after taxation<br/>for the financial year</b> |             | <b>1,065,714</b>   | <b>456,339</b>     |
| Equity dividends                                                               | <i>7</i>    | <b>-</b>           | <b>(2,000,000)</b> |
|                                                                                |             | <hr/>              | <hr/>              |
| Retained profit /(unrecovered loss) for the<br>financial year                  |             | <b>1,065,714</b>   | <b>(1,543,661)</b> |
| Retained profit brought forward                                                |             | <b>1,621,816</b>   | <b>3,165,477</b>   |
|                                                                                |             | <hr/>              | <hr/>              |
| <b>Retained profit carried forward</b>                                         |             | <b>2,687,530</b>   | <b>1,621,816</b>   |
|                                                                                |             | <hr/>              | <hr/>              |

The company had no recognised gains or losses other than the profit for the year shown above in either 2001 or 2000.

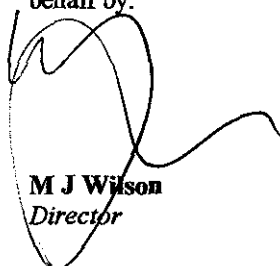
A reconciliation of movements in shareholders' funds is given in note 15 to the financial statements.

# Leeds Leasing plc

## Balance sheet at 30 September 2001

|                                                                | Note | 2001<br>£               | 2000<br>£               |
|----------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                            |      |                         |                         |
| Tangible assets                                                | 8    | 86,422                  | 73,882                  |
| <b>Current assets</b>                                          |      |                         |                         |
| Debtors                                                        | 9    | 17,992,309              | 13,035,058              |
| Cash at bank and in hand                                       |      | 150                     | 150                     |
|                                                                |      | <u>17,992,459</u>       | <u>13,035,208</u>       |
| <b>Creditors: amounts falling due within one year</b>          | 10   | <u>(10,486,977)</u>     | <u>(7,162,158)</u>      |
| <b>Net current assets</b>                                      |      | <b>7,505,482</b>        | <b>5,873,050</b>        |
| Of which:                                                      |      |                         |                         |
| due within one year                                            |      | (1,874,054)             | (1,223,046)             |
| Debtors due after more than one year                           | 9    | <u>9,379,536</u>        | <u>7,096,096</u>        |
| <b>Total assets less current liabilities</b>                   |      | <b>7,591,904</b>        | <b>5,946,932</b>        |
| <b>Creditors: amounts falling due after more than one year</b> | 11   | <u>(4,854,374)</u>      | <u>(4,275,116)</u>      |
| <b>Net assets</b>                                              |      | <b><u>2,737,530</u></b> | <b><u>1,671,816</u></b> |
| <b>Capital and reserves</b>                                    |      |                         |                         |
| Called up equity share capital                                 | 14   | 50,000                  | 50,000                  |
| Profit and loss account                                        |      | <u>2,687,530</u>        | <u>1,621,816</u>        |
| <b>Equity shareholders' funds</b>                              | 15   | <b><u>2,737,530</u></b> | <b><u>1,671,816</u></b> |

These financial statements were approved by the board of directors on 19 December 2001 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.

#### *Operating leases*

Rentals payable under operating leases and charged to the profit and loss account over the terms of the leases.

#### *Commission assets*

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

#### *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.

# Leeds Leasing plc

## Notes (continued)

### 2. Profit on ordinary activities before taxation

|                                                                               | 2001<br>£         | 2000<br>£         |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| <i>Profit on ordinary activities before taxation is stated after charging</i> |                   |                   |
| Auditors' remuneration:                                                       |                   |                   |
| Audit                                                                         | 12,000            | 10,000            |
| Depreciation and other amounts written off tangible fixed assets              | 23,257            | 16,992            |
| Operating lease – land and buildings                                          | 31,875            | 30,000            |
|                                                                               | <u>          </u> | <u>          </u> |
| <i>After crediting</i>                                                        |                   |                   |
| Rentals receivable under finance leases                                       | 9,985,404         | 7,217,970         |
|                                                                               | <u>          </u> | <u>          </u> |

### 3. Remuneration of directors

|                        | 2001<br>£         | 2000<br>£         |
|------------------------|-------------------|-------------------|
| Directors' emoluments: |                   |                   |
| Executive remuneration | 126,580           | 107,747           |
| Pension contributions  | 1,953             | 510               |
|                        | <u>          </u> | <u>          </u> |
|                        | 128,533           | 108,257           |
|                        | <u>          </u> | <u>          </u> |

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

### 4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 25 (2000: 24).

The aggregate payroll costs of these persons were as follows:

|                               | 2001<br>£         | 2000<br>£         |
|-------------------------------|-------------------|-------------------|
| Wages and salaries            | 463,323           | 471,215           |
| Social security costs         | 49,466            | 42,615            |
| Other pension costs (note 17) | 13,122            | 12,058            |
|                               | <u>          </u> | <u>          </u> |
|                               | 525,911           | 525,888           |
|                               | <u>          </u> | <u>          </u> |

# Leeds Leasing plc

## Notes (continued)

### 5. Interest payable and similar charges

|                                                                              | 2001<br>£      | 2000<br>£      |
|------------------------------------------------------------------------------|----------------|----------------|
| On bank loans, overdrafts and other loans wholly repayable within five years | 796,352        | 211,657        |
| On loans from group undertakings                                             | -              | 228,089        |
|                                                                              | <u>796,352</u> | <u>439,746</u> |

### 6. Taxation

|                                      | 2001<br>£      | 2000<br>£        |
|--------------------------------------|----------------|------------------|
| UK corporation tax                   | -              | (279,000)        |
| Adjustment relating to earlier years | 179,000        | (37,268)         |
|                                      | <u>179,000</u> | <u>(316,268)</u> |

The above figures reflect the benefit of group tax relief available from other group companies.

### 7. Equity dividends

|                                                     | 2001<br>£ | 2000<br>£        |
|-----------------------------------------------------|-----------|------------------|
| Ordinary Shares:                                    |           |                  |
| Dividends paid £nil per share (2000: £40 per share) | -         | 2,000,000        |
|                                                     | <u>-</u>  | <u>2,000,000</u> |

# Leeds Leasing plc

## Notes (continued)

### 8. Tangible fixed assets

|                        | Motor<br>vehicles<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|------------------------|------------------------|--------------------------|------------|
| <i>Cost</i>            |                        |                          |            |
| At beginning of year   | 88,431                 | 15,085                   | 103,516    |
| Additions              | 39,500                 | 14,415                   | 53,915     |
| Disposals              | (33,245)               | -                        | (33,245)   |
|                        | <hr/>                  | <hr/>                    | <hr/>      |
| At end of year         | 94,686                 | 29,500                   | 124,186    |
|                        | <hr/>                  | <hr/>                    | <hr/>      |
| <i>Depreciation</i>    |                        |                          |            |
| At beginning of year   | 18,965                 | 10,669                   | 29,634     |
| Charge for year        | 17,556                 | 5,701                    | 23,257     |
| Disposals              | (15,127)               | -                        | (15,127)   |
|                        | <hr/>                  | <hr/>                    | <hr/>      |
| At end of year         | 21,394                 | 16,370                   | 37,764     |
|                        | <hr/>                  | <hr/>                    | <hr/>      |
| <i>Net book amount</i> |                        |                          |            |
| At 30 September 2001   | 73,292                 | 13,130                   | 86,422     |
|                        | <hr/>                  | <hr/>                    | <hr/>      |
| At 30 September 2000   | 69,466                 | 4,416                    | 73,882     |
|                        | <hr/>                  | <hr/>                    | <hr/>      |

### 9. Debtors

|                                    | 2001                        |                                         | 2000                        |                                         |
|------------------------------------|-----------------------------|-----------------------------------------|-----------------------------|-----------------------------------------|
|                                    | Due within<br>one year<br>£ | Due after<br>more than<br>one year<br>£ | Due within<br>one year<br>£ | Due after<br>more than<br>one year<br>£ |
| Trade debtors                      | 680,671                     | -                                       | 185,171                     | -                                       |
| Finance lease receivables          | 7,176,122                   | 9,379,536                               | 5,194,734                   | 7,096,096                               |
| Amounts owed by group undertakings | -                           | -                                       | 8,297                       | -                                       |
| Other debtors                      | 117,327                     | -                                       | 109,100                     | -                                       |
| Prepayments and accrued income     | 638,653                     | -                                       | 441,660                     | -                                       |
|                                    | <hr/>                       | <hr/>                                   | <hr/>                       | <hr/>                                   |
|                                    | 8,612,773                   | 9,379,536                               | 5,938,962                   | 7,096,096                               |
|                                    | <hr/>                       | <hr/>                                   | <hr/>                       | <hr/>                                   |

The company has acquired assets at a cost of £12,357,826 (2000: £11,592,694) during the year for the purposes of letting under finance leases.

# Leeds Leasing plc

## Notes (continued)

### 10. Creditors: amounts falling due within one year

|                                                         | 2001<br>£         | 2000<br>£        |
|---------------------------------------------------------|-------------------|------------------|
| Bank overdrafts                                         | 1,730,563         | 1,152,873        |
| Bank loans (note 12)                                    | 6,750,820         | 4,186,058        |
| Trade creditors                                         | 6,176             | 6,926            |
| Amounts owed to group undertakings                      | 2,015             | 49,398           |
| Other creditors including taxation and social security: |                   |                  |
| Corporation tax                                         | -                 | 182,768          |
| Accruals and deferred income                            | 1,997,403         | 1,584,135        |
|                                                         | <u>10,486,977</u> | <u>7,162,158</u> |

### 11. Creditors: amounts falling due after more than one year

|                      | 2001<br>£        | 2000<br>£        |
|----------------------|------------------|------------------|
| Bank loans (note 12) | <u>4,854,374</u> | <u>4,275,116</u> |

### 12. Bank loans

Bank loans are repayable by instalments as follows:

|                            | 2001<br>£         | 2000<br>£        |
|----------------------------|-------------------|------------------|
| Within one year            | 6,750,820         | 4,186,058        |
| Between one and two years  | 3,518,140         | 3,558,184        |
| Between two and five years | 1,336,234         | 716,932          |
|                            | <u>11,605,194</u> | <u>8,461,174</u> |

The company has 47 loan arrangements all of which are supported by a parent company guarantee. The loans are at fixed rates of interest of between 6.28% and 8.50% (nominal rates) and are repayable in monthly instalments.

# Leeds Leasing plc

## Notes (continued)

### 13. Provisions for liabilities and charges

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

|                                | 2001                                   |                                 | 2000                                   |                                 |
|--------------------------------|----------------------------------------|---------------------------------|----------------------------------------|---------------------------------|
|                                | Amount<br>provided in<br>accounts<br>£ | Full<br>potential<br>asset<br>£ | Amount<br>provided in<br>accounts<br>£ | Full<br>potential<br>asset<br>£ |
| Accelerated capital allowances | -                                      | 289,784                         | -                                      | 432,208                         |
| Other timing differences       | -                                      | 6,000                           | -                                      | 13,317                          |
|                                | <u>-</u>                               | <u>295,784</u>                  | <u>-</u>                               | <u>445,525</u>                  |

### 14. Called up share capital

|                                           | 2001<br>£        | 2000<br>£     |
|-------------------------------------------|------------------|---------------|
| <i>Authorised</i>                         |                  |               |
| Ordinary shares of £1 each                | <u>1,000,000</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> |

During the year the authorised share capital of the company was increased to £1,000,000 to facilitate future equity funding.

### 15. Reconciliation of movements in shareholders' funds

|                               | 2001<br>£        | 2000<br>£        |
|-------------------------------|------------------|------------------|
| Opening shareholders' funds   | 1,671,816        | 3,215,477        |
| Profit for the financial year | 1,065,714        | 456,339          |
| Dividends                     | -                | (2,000,000)      |
|                               | <u>2,737,530</u> | <u>1,671,816</u> |

### 16. Commitments

Capital commitments contracted at 30 September 2001 were nil (2000: nil).

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

|                                                                              | 2001<br>£     | 2000<br>£     |
|------------------------------------------------------------------------------|---------------|---------------|
| Operating leases on land and buildings which expire within two to five years | <u>33,750</u> | <u>30,000</u> |

# Leeds Leasing plc

## Notes *(continued)*

### **17. Pension scheme**

Certain employees are members of one of three defined contribution pension schemes operated by Leeds Group plc. The pension charge for the period represents contributions payable by the company to the schemes and amounted to £13,122 (2000: £12,058). 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  
Schofield House  
Gateway Drive  
Yeadon  
Leeds  
LS19 7XY