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PERCHLANE LOANS COMPANY LIMITED
(Formerly Perchlane Limited)

Directors' Report
and
Financial Statements
31st March 1990

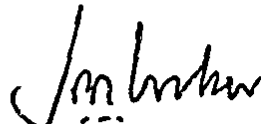
STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Chairman's Statement

The Company was incorporated on 5th July 1989 as Perchlane Limited. Ownership of the Company passed to a number of financial institutions on 20th November 1989, when the Company began preparatory work on the Government's student loans scheme. The Company took its present name on 6th December 1989. The Government purchased the Company from the financial institutions on 21st December 1989 and appointed new Directors.

The attached Directors' Report and Company Financial Statements cover the period up to 31st March 1990, during which the Company was wholly engaged in preparing for the operation of the student loans scheme in October 1990. The Company operates in accordance with the various provisions of the Companies Act 1985 and its financial statements are presented accordingly. During the period covered it was not trading, nor was it making or recovering loans. The financial statements show necessary expenditure incurred in building up staff, securing and fitting out premises, and acquiring the appropriate information systems, as a basis for subsequent operation of the scheme. All these costs were met by the Government through Supply Estimates voted by Parliament for the Department of Education and Science.

Following Royal Assent to the Education (Student Loans) Bill, and the passage of the necessary Regulations, Student Loans Company Limited began processing loan applications on 2nd October 1990.


Chairman

1st November 1990

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Directors' Report

The Directors have pleasure in submitting their annual report and the financial statements of the Company for the period from 5th July 1989 to 31st March 1990.

Review of business and future developments

The Company was incorporated on 5th July 1989. By special resolution dated 6th December 1989 the Company changed its name from Perchlane Limited to Student Loans Company Limited.

The Company, established under the Companies Act 1985 and in terms of the Education (Student Loans) Act 1990, will administer student loans under a Financial Memorandum dated 4th October 1990 between the Secretary of State for Education and Science, the Secretary of State for Scotland, the Department of Education for Northern Ireland and the Student Loans Company Limited. At 31st March 1990 the issued ordinary share capital of the Company was held by the Secretary of State for Education and Science and the Secretary of State for Scotland.

During the period the Company made initial administrative arrangements in relation to the student loans scheme, preparatory to loans being made in October 1990. All costs during the period were met by the Department of Education and Science. Consequently, the Company made neither a profit nor a loss.

During the period the Company issued 10 ordinary shares of £1 each at par.

Dividends

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors of the Company serving during the period were as follows:

J.M.M. Vereker	(appointed 21st December 1989)
T.B. Jeffery	(appointed 21st December 1989)
W.A.P. Weatherston	(appointed 11th January 1990)
D.H. Tate	(appointed 5th July 1989, resigned 20th November 1989)
M.E. Richards	(appointed 5th July 1989, resigned 20th November 1989)
The Hon. S.H. Fortescue	(appointed 20th November 1989, resigned 21st December 1989)
P.K. Jennings	(appointed 20th November 1989, resigned 21st December 1989)
K. Duncombe	(appointed 20th November 1989, resigned 21st December 1989)
M. Hughes	(appointed 20th November 1989, resigned 21st December 1989)
W. Simpson	(appointed 20th November 1989, resigned 21st December 1989)
R.J. Pounder	(appointed 20th November 1989, resigned 21st December 1989)
S.J. Richardson	(appointed 4th December 1989, resigned 21st December 1989)
R. Saxton	(appointed 4th December 1989, resigned 21st December 1989)
J. Pope	(appointed 4th December 1989, resigned 21st December 1989)
M.C. Harvey	(appointed 4th December 1989, resigned 21st December 1989)
R.A. Jackman	(appointed 4th December 1989, resigned 21st December 1989)
R.J.H. Price	(appointed 4th December 1989, resigned 21st December 1989)
N. Petts	(appointed 4th December 1989, resigned 21st December 1989)

None of the Directors had any interest in the shares of the Company during the period.

Mr J.M.M. Vereker was appointed as Chairman on 21st December 1989. Mr R.J. Harrison was appointed a Director on 2nd May 1990.

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Directors' Report (contd)

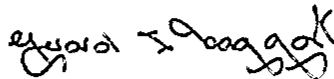
Fixed assets

Information relating to changes in fixed assets is given in note 7 to the financial statements.

Auditors

On 9th April 1990 KPMG Peat Marwick McLintock were appointed as auditors. A resolution in terms of Section 385 of the Companies Act 1985 proposing the re-appointment of KPMG Peat Marwick McLintock will be put to the forthcoming Annual General Meeting.

By Order of the Board



Secretary

Elizabeth House
York Road
LONDON
SE1 7PH

1st November 1990

AUDITORS' REPORT TO THE MEMBERS OF

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

We have audited the financial statements on pages 5 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st March 1990 and of its result and source and application of funds for the period from 5th July 1989 (the date of incorporation) to 31st March 1990 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

KPMG PEAT MARWICK McLINTOCK

Chartered Accountants

24 Blythswood Square
GLASSGOW
G2 4QS

1st November 1990

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Profit and Loss Account
for the period from 5th July 1989 to 31st March 1990

	<u>Notes</u>	<u>£</u>
Turnover	2	4,039,823
Administrative expenses		(4,068,415)
Interest receivable	5	<u>28,592</u>
Result on ordinary activities before and after taxation and for the financial period	3,6	<u><u>-</u></u>

The notes on pages 8 to 11 form part of these financial statements.

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Balance Sheet
As at 31st March 1990

	<u>Notes</u>	£	£
<u>FIXED ASSETS</u>			
Tangible assets	7		151,369
<u>CURRENT ASSETS</u>			
Debtors	8	5,064,885	
Cash at bank and in hand		<u>228,893</u>	
		5,293,778	
<u>CREDITORS: Amounts falling due within one year</u>	9	<u>(5,293,768)</u>	
<u>NET CURRENT ASSETS</u>			<u>10</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			151,379
<u>ACCRUALS AND DEFERRED INCOME</u>			
Deferred capital receipts	10		<u>(151,369)</u>
			<u>10</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11		10
Profit and loss account			<u>-</u>
			<u>10</u>

The notes on pages 8 to 11 form part of these financial statements.

Director

Director

STUDENT LOANS COMPANY LIMITED
(formerly Perchance Limited)

Statement of Source and Application of Funds
for the period from 5th July 1989 to 31st March 1990

	£
Cash at bank at 5th July 1989	-
<u>SOURCE OF FUNDS</u>	
Result on ordinary activities before taxation and total generated from operations	-
Funds from other sources:	
Temporary funding from Department of Education and Science	3,891,530
Capital funding from Department of Education and Science	151,589
Issue of share capital	<u>10</u>
	4,043,129
<u>APPLICATION OF FUNDS</u>	
Purchase of fixed assets	<u>(151,589)</u>
	3,891,540
<u>FUNDS RECEIVED EMPLOYED IN WORKING CAPITAL</u>	
Debtors	(5,064,885)
Creditors	<u>1,402,238</u>
	(3,662,647)
Cash at bank at 31st March 1990	<u><u>228,893</u></u>

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Notes to the financial statements
for the period from 5th July 1989 to 31st March 1990

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

(b) Basis of preparation

The terms of the Financial Memorandum between the Secretary of State for Education and Science, the Secretary of State for Scotland, the Department of Education for Northern Ireland and the Company require that the Company shall conduct its affairs so as to remain solvent within the total resources made available to it by the Secretaries of State and the Department of Education for Northern Ireland. These financial statements have been prepared on this basis.

(c) Depreciation

Depreciation is provided on all tangible fixed assets calculated so as to write off the cost of each asset evenly over its expected useful life, as follows:

Computer equipment	over 5 years
Furniture, fixtures and fittings	over 8 years
Motor vehicles	over 4 years
Leasehold improvements	over the period of the lease

No charge has been made during the period from 5th July 1989 to 31st March 1990 in respect of leasehold improvements and furniture, fixtures and fittings and motor vehicles on the basis that the expenditure for the items concerned was incurred only shortly before the period end.

(d) Deferred capital receipts

Department of Education and Science funding received for the purpose of capital expenditure is credited to a deferral account and is released to the profit and loss account by amounts equal to the associated depreciation charge.

(e) Operating lease commitments

Rentals payable under operating leases are charged to the profit and loss account in the period to which they relate.

2. TURNOVER

Turnover represents management fees receivable from Department of Education and Science for the purpose of administering loan funds.

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Notes to the financial statements (contd)

3. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

£

This is stated after charging or (crediting)

Depreciation of owned assets	220
Deferred capital receipts credited	(220)
Directors' remuneration (note 4)	-
Auditors' remuneration	8,000
Operating lease rentals: land and buildings	<u>139,926</u>

4. STAFF COSTS

£

Wages and salaries	23,227
Social security costs	<u>2,339</u>
	<u>25,566</u>

Staff employed at 31st March 1990 9

Directors' emoluments:

None of the Directors received any emoluments during the period.

5. INTEREST RECEIVABLE

£

Bank interest	<u>28,592</u>
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6. TAX ON RESULT ON ORDINARY ACTIVITIES

No provision for corporation tax has been made in respect of the result for the period.

STUDENT LOANS COMPANY LIMITED
(formerly Perchlane Limited)

Notes to the financial statements (contd)

7. TANGIBLE FIXED ASSETS

	<u>Leasehold Improvements</u>	<u>Computer equipment</u>	<u>Furniture, fixtures and fittings</u>	<u>Total</u>
	£	£	£	£
<u>Cost:</u>				
Additions	46,293	53,565	51,731	151,589
At 31st March 1990	46,293	53,565	51,731	151,589
<u>Depreciation:</u>				
Charge for period	-	220	-	220
At 31st March 1990	-	220	-	220
<u>Net book value:</u>				
At 31st March 1990	46,293	53,345	51,731	151,369

8. DEBTORS

	£
Management fees receivable	4,039,823
Other debtors	756,068
Prepayments and accrued income	268,994
	<u>5,064,885</u>

9. CREDITORS: Amounts falling due within one year

	£
Temporary funding from Department of Education and Science	3,891,530
Other creditors and accruals	1,402,238
	<u>5,293,768</u>

10. DEFERRED CAPITAL RECEIPTS

	£
Receivable for the period	151,589
Credited to profit and loss account	(220)
As at 31st March 1990	<u>151,369</u>

STUDENT LOANS COMPANY LIMITED
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Notes to the financial statements (contd)

11. CALLED UP SHARE CAPITAL

	<u>Authorised</u> £	<u>Allotted, called up, but not fully paid</u> £
Ordinary shares of £1 each	<u>100</u>	<u>10</u>

12. CAPITAL COMMITMENTS

Authorised by the Directors and contracted
Authorised by the Directors but not contracted

£
745,000
-

13. OTHER FINANCIAL COMMITMENTS

At 31st March 1990 the Company has commitments under non-cancellable operating leases in the year to 31st March 1991 as set out below:

	Land and buildings £
Operating lease which expires:	-
Within one year	-
In the second to fifth years inclusive	812,884
In over five years	<u>812,884</u>

The operating lease is guaranteed by the Secretary of State for Education and Science.

14. PENSIONS

The Company did not operate a pension scheme on behalf of the employees during the period.

15. TRANSACTIONS WITH DIRECTORS

Mr J.M.M. Vereker and Mr T.B. Jeffery are Deputy Secretary and Assistant Secretary, respectively, in the Department of Education and Science. Mr W.A.P. Weatherston is an Under Secretary in the Scottish Education Department. Accordingly, all were involved in advising the Secretaries of State on matters relating to the establishment and operation of the Company.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 1st November 1990.