

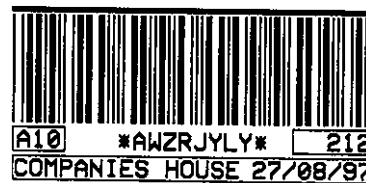
HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

REPORT OF THE DIRECTORS

AND STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

COMPANY NO. 2429173



HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. Principal Activity and Business Review

The principal activity of the company is investment in property leases.

2. Results and Dividend

The profit and loss account for the year ended 31 December 1996 is set out on page 3. The Board does not recommend payment of a final dividend (1995 £Nil).

3. Directors and Directors' Interests

Mr M J Dix
Mr D M C Powell (resigned 28 February 1997)
Mr. B J Holden
Mr L-M Duray (appointed 28 February 1997)

No director of the company has at any time had any interest in the shares of the company. The interests of the directors, being directors of Humberclyde Investments Limited are disclosed in the accounts of that company.

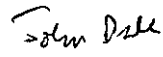
4. Statement of Directors' Responsibilities

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 of the company 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 also have general responsibility for taking such steps as are reasonably open to safeguard the assets of the company and prevent and detect fraud and other irregularities.

By order of the Board


J A Drake
Secretary

Northern Cross
Basing View
Basingstoke
Hampshire

21 August 1997

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

We have audited the financial statements on pages 3 to 7, which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 of 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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars & Guérard

Mazars & Guérard
Chartered Accountants
Registered Auditors
London

21 August 1997

HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

| <u>Continuing operations</u> | <u>Notes</u> | 1996 £ | 1995 £ |
|---|--------------|-------------|-------------|
| Turnover | 1 | - | - |
| | | <hr/> | <hr/> |
| Gross loss | 2 | (980,494) | (962,810) |
| Administrative expenses | 3 | (252,000) | (323,000) |
| | | <hr/> | <hr/> |
| Operating loss on ordinary activities before taxation | | (1,232,494) | (1,285,810) |
| Taxation | | 4 | - |
| | | <hr/> | <hr/> |
| Loss for the financial year | | (1,232,494) | (1,285,810) |
| | | <hr/> | <hr/> |
| Loss account brought forward | | (2,712,601) | (1,426,791) |
| | | | |
| Loss for the financial year | | (1,232,494) | (1,285,810) |
| | | <hr/> | <hr/> |
| Profit and loss account carried forward | | (3,945,095) | (2,712,601) |
| | | <hr/> | <hr/> |

The company had no recognised gains or losses other than the profit for the year.

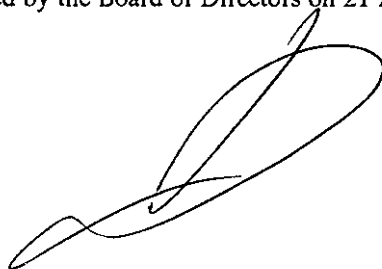
The accounting policies and notes on pages 5 to 7 form part of these accounts.

HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITEDBALANCE SHEET AT 31 DECEMBER 1996

| | <u>Notes</u> | 1996 £ | 1995 £ |
|--|--------------|--------------|--------------|
| Current Assets | | | |
| Debtors: Amounts falling due after one year: | | | |
| Net investment in finance leases | | 15,715,265 | 38,081,410 |
| Trade debtors falling due within one year | | - | 101,457 |
| | | <hr/> | <hr/> |
| | | 15,715,265 | 38,182,867 |
| Creditors : Amounts falling due within one year | 5 | (1,537) | (1,518,682) |
| | | <hr/> | <hr/> |
| Net assets less current liabilities | | 15,713,728 | 36,664,185 |
| Creditors : Amounts falling due after more than one year | 6 | (19,658,821) | (39,376,784) |
| | | <hr/> | <hr/> |
| Net liabilities | | (3,945,093) | (2,712,599) |
| | | <hr/> | <hr/> |
| Equity Shareholders' Funds | | | |
| Called up share capital | 8 | 2 | 2 |
| Profit and loss account | | (3,945,095) | (2,712,601) |
| | | <hr/> | <hr/> |
| | 9 | (3,945,093) | (2,712,599) |
| | | <hr/> | <hr/> |

The accounting policies and notes on pages 5 to 7 form part of these accounts.

These accounts were approved by the Board of Directors on 21 August 1997



Director

HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITEDACCOUNTING POLICIESa) Basis of Preparation of Accounts

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirements of FRS8 to report transactions with related parties as it is a wholly owned subsidiary of UFB Group PLC whose consolidated accounts are available to the public.

b) Gross Profit

Gross profit comprises finance income on leases which is apportioned over the life of agreements to give a constant periodic rate of return on the net investment less interest payable and similar charges.

c) Deferred Taxation

Deferred Taxation is accounted for at current rates of tax on all timing differences between the accounting and taxation treatment of income and expense, except where no liability to taxation is expected to arise in the foreseeable future.

d) Cashflow Statement

Under Financial Reporting Standard No 1 - Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement being a wholly owned subsidiary included in consolidated accounts of an EC parent which will include a consolidated cash flow statement.

HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. Turnover

Turnover represents the amounts advanced to place on leasing business during the year.

2. Gross profit / (loss)

| | 1996 | 1995 |
|--|-------------|-------------|
| | £ | £ |
| Rentals receivable | 3,047,536 | 3,636,432 |
| Release of general provisions | 3,549,332 | (1,286,333) |
| Collateral deposit | 2,659,349 | - |
| Lease depreciation | (2,881,656) | 564,701 |
| Loss on disposal | (3,614,257) | - |
| Interest payable to group undertakings | (3,300,036) | (3,877,610) |
| Swap break costs | (440,763) | - |
| | <hr/> | <hr/> |
| | (980,494) | (962,810) |
| | <hr/> | <hr/> |

Gross profit includes aggregate lease rentals receivable of £3,047,636 (1995: £3,636,432). These amounts were generated in the United Kingdom.

3. Administrative expenses

The Directors' and Auditors' remuneration is borne by a fellow subsidiary undertaking.

4. Taxation

No current taxation charge or credit has been refunded through the accounts in the current year due to the surrender of free group relief to fellow group companies.

5. Creditors: Amounts falling due within one year

| | 1996 | 1995 |
|-----------------|-------|-----------|
| | £ | £ |
| Other Creditors | 1,537 | 2,016 |
| Provisions | - | 1,516,666 |
| | <hr/> | <hr/> |
| | 1,537 | 1,518,682 |
| | <hr/> | <hr/> |

6. Creditors: Amounts falling due after more than one year

| | 1996 | 1995 |
|------------------------------------|------------|------------|
| | £ | £ |
| Amounts owed to group undertakings | 19,658,821 | 39,376,784 |
| | <hr/> | <hr/> |

These amounts all fall due after 5 years but within 25 years.

HUMBERCLYDE COMMERCIAL INVESTMENTS (NO 4) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

(Continued)

7. Provisions for liabilities and charges

| | 1996 | 1995 |
|---|-------------------|-------------------|
| | £ | £ |
| The potential deferred tax liability comprises: | | |
| Short term timing differences | 575,504 | 2,355,325 |
| | <u> </u> | <u> </u> |

In the event that any liability to taxation should arise in excess of that amount provided, group relief will be surrendered free of charge from within the UFB Group.

8. Share capital

| | 1996 | 1995 |
|--|-------------------|-------------------|
| | £ | £ |
| Ordinary shares of £ 1 each | | |
| Authorised | 100 | 100 |
| | <u> </u> | <u> </u> |
| Issued, allotted, called up and fully paid | 2 | 2 |
| | <u> </u> | <u> </u> |

9. Reconciliation of movement in Equity Shareholders' Funds

| | 1996 | 1995 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| At the start of the year | (2,712,599) | (1,426,789) |
| Profit / (loss) for the year | 312,506 | (1,285,810) |
| | <u> </u> | <u> </u> |
| At the end of the year | (2,400,093) | (2,712,599) |
| | <u> </u> | <u> </u> |

10. Ultimate parent company

The immediate holding company is Humberclyde Investments Limited which is incorporated in Great Britain and registered in England and Wales.

The parent company of the smallest group into which the financial statements of this company are consolidated is UFB Group PLC which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements for UFB Group PLC may be obtained from Northern Cross, Basing View, Basingstoke, Hampshire.

The ultimate parent company is Compagnie Financière de Paribas which is registered in France. The consolidated accounts of this company are available to the public and may be obtained from 5 rue d'Antin, 75002 Paris, France.