

Newton Facilities Computer Leasing Limited

Report and financial statements

for the period from incorporation on
19 February 1998 to 31 December 1998

Company no: 3513416

27/10/99



Newton Facilities Computer Leasing Limited

Annual report for the period ended 31 December 1998

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Newton Facilities Computer Leasing Limited

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Directors and advisers

Directors

R J Hollinshead
J W Heppell
C J Seccombe

Company secretary

L Todd

Registered office

Portland House
New Bridge Street
Newcastle upon Tyne
NE1 8AL

Registered auditors

PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Bankers

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE99 1JP

Directors' report for the period ended 31 December 1998

The directors present their report and the audited financial statements for the period ended 31 December 1998.

Activities

The principal activity of the company is the leasing of computer equipment.

The company was incorporated on 19 February 1998. The company's financial position as at 31 December 1998 are shown in the attached financial statements.

Future developments in the company's business

The directors will continue to seek to expand the company's operations.

Dividends

The directors do not recommend the payment of a dividend for the period ended 31 December 1998.

Directors

The directors of the company at 31 December 1998, all of whom have been directors for the whole of the period ended on that date, unless otherwise stated, are listed below:

R J Hollinshead	(appointed 19 February 1998)
J W Heppell	(appointed 7 November 1998)
C J Seccombe	(appointed 19 February 1998)

None of the directors held any interest in the shares of the company at any time during the year.

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Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

The directors recognise the importance of the Year 2000 issue and have endorsed a programme to ensure that all systems are compliant and all key risk areas are identified. The review is in progress and it is currently envisaged that there will not be a material cost to the company. However, due to the complexity and uncertainty of the issue there is no absolute guarantee that problems will not be encountered. As a consequence, the directors will keep this issue under review.

On behalf of the board



R J Hollinshead

Director

10 February 1999

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Report of the auditors to the members of Newton Facilities Computer Leasing Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

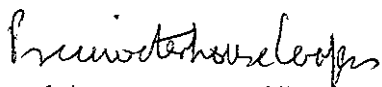
Basis of opinion

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 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Newcastle upon Tyne
10 February 1999

**Profit and loss account
for the period from incorporation on
19 February 1998 to 31 December 1998**

	Note	Period to 31 December 1998 £
Turnover		33,810
Cost of sales		(33,526)
Gross profit		284
Administrative expenses		(1,900)
Operating loss		(1,616)
Interest payable	2	(31)
Loss on ordinary activities before taxation	3	(1,647)
Tax on loss on ordinary activities	4	511
Loss for the financial period	9	(1,136)

All of the company's activities are continuing.

There are no gains or losses in the year other than those shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before tax and the retained loss for the period stated above, and their historical cost equivalents.

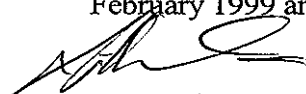
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Balance sheet at 31 December 1998

	Notes	1998 £
Current assets		
Debtors	5	89,686
Creditors: amounts falling due within one year	6	(90,820)
Net liabilities		<u>(1,134)</u>
Capital and reserves		
Called up share capital	7	2
Profit and loss account	8	(1,136)
Equity shareholders' deficit	9	<u>(1,134)</u>

The financial statements on pages 5 to 9 were approved by the board of directors on 10 February 1999 and were signed on its behalf by:



R J Hollinshead

Director

**Notes to the financial statements
for the period ended 31 December 1998****1 Accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable financial reporting and accounting standards.

Turnover

Turnover represents rentals due under operating leases, excluding value added tax.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under FRS 1 (Revised) as it is a wholly owned subsidiary and its parent undertaking's annual report is publicly available.

2 Interest payable

	1998 £
On loan from parent undertaking	31
	<u> </u>

3 Loss on ordinary activities before taxation

	1998 £
Loss on ordinary activities before taxation is stated after charging:	
Auditors' remuneration	1,150
	<u> </u>

4 Tax on loss on ordinary activities

	1998 £
Current	
Group relief at 31%	511
	<u> </u>

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5 Debtors

	1998 £
Amounts due from parent undertaking	89,175
Group relief receivable	511
	<u>89,686</u>

6 Creditors: amounts falling due within one year

	1998 £
Trade creditors	1,349
Loan from parent undertaking	912
Amounts due to fellow subsidiary undertaking	88,559
	<u>90,820</u>

7 Called up share capital

	1998 £
Authorised, allotted and fully paid 2 ordinary shares of £1 each	2
	<u>2</u>

8 Reserves

	Profit & loss account £
Loss for the financial period	<u>(1,136)</u>

9 Reconciliation of movements in equity shareholders' funds

	1998 £
Loss for the financial period	(1,136)
New share capital issued	2
	<hr/>
Closing equity shareholders' deficit	<u>(1,134)</u>

10 Ultimate parent undertaking and controlling party

Newcastle Building Society, resident in Great Britain, is regarded by the directors as being the company's ultimate parent undertaking and controlling party by virtue of its interest in the company's equity capital. Copies of the parent's consolidated financial statements may be obtained from Newcastle Building Society, Portland House, New Bridge Street, Newcastle upon Tyne, NE1 8AL.

11 Directors' emoluments

None of the directors received any emoluments for their services during the year. The company does not have any other employees other than the directors on page 2.

12 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard Number 8 "Related Party Disclosures" not to disclose details of transactions with its fellow subsidiary companies or the Newcastle Building Society.