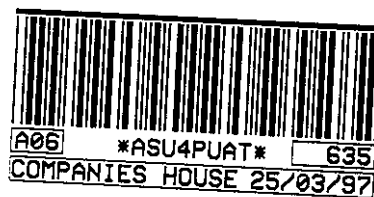


733011

ALEX. LAWRIE FACTORS LTD

REPORT AND ACCOUNTS

1996





Looking forward to the challenges ahead

Demand for our services continued to expand in 1996 and market conditions remained very competitive.

We increased our financial support for small and medium sized businesses by 12% from £303 million at the end of 1995 to £340 million in December 1996.

Growth in our activities was rewarded with a profit before tax of £17.25 million, an increase of 12% and a new record for Alex Lawrie.

Besides our financial performance, 1996 was also a year of other achievements:

- * New products were launched to respond to client needs
- * Our Midlands Region and Management Services Division both achieved Investors in People status
- * We were voted top "UK Import Factor of the year" based on our international service levels with Factors Chain International
- * Our surveys showed we maintained our leadership as the best known brand in the factoring industry, and we continued to lead the market with the largest client base. During 1996, our client base grew by nearly 500, an increase of 14% on the previous year.

In 1997, we will continue to invest in training and technology to ensure we exceed our clients expectations and build strong relationships for mutual benefit.

It is the personal service of our people that differentiates us from our competitors and I must congratulate everyone at Alex Lawrie on the progress that we made during 1996.

Finally, I must thank Malcolm Smith, who retired in December 1996, for his 20 years of stewardship as Managing Director of Alex Lawrie and his major contribution to the company's long term success.

Keith Higley
Managing Director

ALEX. LAWRIE FACTORS LIMITED

Incorporated 1962

SHARE CAPITAL

Authorised £1,011,000
Issued £1,011,000

DIRECTORS

A E Moore, Chairman
H Bartlett
B P Birch
J A Green
K J Higley, Managing Director
A K Hutton
F M P Riding
P K Saunders
J A Spence

SECRETARY

H Bartlett

AUDITORS

Price Waterhouse

BANKERS

Lloyds Bank Plc
The Royal Bank of Scotland Plc

REGISTERED OFFICE

Beaumont House
Beaumont Road
Banbury
Oxfordshire
OX16 7RN

Tel 01295 272272 Telex 83627 Facsimile 01295 271634

Registered in England number 733011

ALEX. LAWRIE FACTORS LIMITED

Report of the directors

The directors present their report for the year ended 31 December 1996.

Principal activities

The principal activities of the group are invoice factoring and invoice discounting both on a disclosed and undisclosed basis.

During the year the group achieved increases in its client portfolio of 486, and in the aggregate value of invoices handled of £698 million (22%).

No changes in the underlying business are foreseen.

Results and dividends

The group made a profit before taxation for the year of £17,259,000 (1995: £15,404,000) on a turnover of £62,576,000 (1995: £55,853,000) as shown in the consolidated profit and loss account on page 6.

The directors recommend the payment of a first and final dividend of £11,484,000 leaving a transfer to reserves of £Nil.

Directors

The names of the present directors of the company are shown on page 1.

Mr P G Brown resigned on 1 April 1996, and Mr A E Moore and Mr F M P Riding were appointed on the same date.

Mr M J Smith and Mr S J Websdale resigned on 31 December 1996, and Mr K J Higley was appointed on 1 January 1997.

Reference is made on pages 18 and 19 in note 14 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent undertaking, and its subsidiary undertakings.

ALEX. LAWRIE FACTORS LIMITED

Report of the directors (continued)

Payment to suppliers

Standard terms are to pay all invoices on or before 30 days after the date of the invoice except where different arrangements have been specifically agreed with suppliers. It is the policy of the company to abide by the agreed terms of payment.

Staff

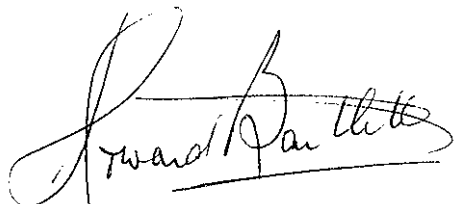
During the year the company continued its policy of encouraging employee involvement in its affairs by monthly communications meetings, Joint Consultative Committee meetings and presentations on the company's business progress.

It is the policy of the company that the employment opportunities of a disabled person should, as far as possible, be identical to those of a person who is fortunate enough not to suffer from a disability.

Auditors

Price Waterhouse have indicated their willingness to continue in office. The company has by elective resolution dispensed with the obligation to appoint an auditor annually as permitted by s.386 of the Companies Act 1985.

On behalf of the board

A handwritten signature in dark ink, appearing to read 'H. Bartlett', is written over a horizontal line.

H. Bartlett
Secretary

12 February 1997

ALEX. LAWRIE FACTORS LIMITED

Report of the auditors to the members of Alex. Lawrie Factors Limited

We have audited the financial statements set out on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

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 the group and of the profit (or loss) of the company and the group for that year. 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 a going concern basis unless it is inappropriate to presume that the company or the group will continue in business.

The directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on 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 circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the relevant 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 the information in the financial statements.

ALEX. LAWRIE FACTORS LIMITED

Report of the auditors (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1996 and of the profit of the company and the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants and Registered Auditors

10 Bricket Road

St Albans

HERTS AL1 3JX

12 February 1997

ALEX. LAWRIE FACTORS LIMITED

Consolidated profit and loss account for the year ended 31 December 1996

	<u>Note</u>	<u>1996</u>		<u>1995</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2		62,576		55,853
Staff costs	3	(13,148)		(12,001)	
Depreciation	7	(1,783)		(1,475)	
Other operating charges		(13,453)		(12,227)	
			(28,384)		(25,703)
Operating profit			34,192		30,150
Interest payable	4		(16,933)		(14,746)
Profit on ordinary activities before taxation	5		17,259		15,404
Taxation on profit on ordinary activities	6		(5,775)		(5,711)
Profit on ordinary activities after taxation			11,484		9,693
Proposed dividend			(11,484)		(9,693)
Retained profit for the financial year	13		-		-

The notes on pages 10 to 20 form part of these accounts.

The group has no recognised gains or losses other than its profit for the periods.

All income and expenditure arises from continuing activities.

ALEX. LAWRIE FACTORS LIMITED

Company profit and loss account for the year ended 31 December 1996

	<u>Note</u>	<u>1996</u>		<u>1995</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2		44,429		40,367
Staff costs	3	(11,829)		(10,955)	
Depreciation	7	(1,693)		(1,417)	
Other operating charges		(12,775)		(11,464)	
			(26,297)		(23,836)
Operating profit			18,132		16,531
Interest payable	4		(7,745)		(6,638)
			10,387		9,893
Income from shares in group undertakings			4,595		3,445
Profit on ordinary activities before taxation	5		14,982		13,338
Taxation on profit on ordinary activities	6		(3,498)		(3,645)
Profit on ordinary activities after taxation			11,484		9,693
Proposed dividend			(11,484)		(9,693)
Retained profit for the financial year	13		-		-

The notes on pages 10 to 20 form part of these accounts.

The company has no recognised gains or losses other than its profit for the periods.

All income and expenditure arises from continuing activities.

ALEX. LAWRIE FACTORS LIMITED

Consolidated balance sheet at 31 December 1996

	<u>Note</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Fixed assets			
Tangible assets	7	5,192	5,057
Current assets			
Debtors	9	374,154	318,228
Cash at bank and in hand		31	20
		<hr/>	<hr/>
		374,185	318,248
Creditors: amounts falling due within one year	10	(367,359)	(311,287)
		<hr/>	<hr/>
Net current assets		6,826	6,961
		<hr/>	<hr/>
Total assets less current liabilities		12,018	12,018
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	1,011	1,011
Profit and loss account	12	11,007	11,007
		<hr/>	<hr/>
Equity shareholders' funds	13	12,018	12,018
		<hr/>	<hr/>

K J Higley

F M P Riding

Directors

12 February 1997

The notes on pages 10 to 20 form part of these accounts.

ALEX. LAWRIE FACTORS LIMITED

Company balance sheet at 31 December 1996

	<u>Note</u>	<u>1996</u>		<u>1995</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Fixed assets					
Tangible assets	7	4,884		4,857	
Investments	8	3,408		3,408	
			8,292		8,265
Current assets					
Debtors	9	365,983		312,343	
Cash at bank and in hand		31		20	
		366,014		312,363	
Creditors: amounts falling due within one year	10	(362,288)		(308,610)	
Net current assets			3,726		3,753
Total assets less current liabilities			12,018		12,018
Capital and reserves					
Called up share capital	11		1,011		1,011
Profit and loss account	12		7,676		7,676
Revaluation reserve	12		3,331		3,331
Equity shareholders' funds	13		12,018		12,018

K J Higley
F M P Riding
Directors

12 February 1997

The notes on pages 10 to 20 form part of these accounts.

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts

1. Accounting policies

a) **Basis of accounting**

The accounts have been prepared under the historical cost convention as modified by the revaluation of the investment in a subsidiary company, in compliance with the Companies Act 1985, and in accordance with applicable accounting standards.

The group is exempt from producing a cashflow statement since a consolidated cashflow statement prepared in accordance with the requirements of Financial Reporting Standard 1 is included in the accounts of its ultimate parent undertaking.

No disclosure under Financial Reporting Standard 8 has been made of transactions with entities within the Lloyds TSB Group plc, since the standard exempts subsidiary undertakings from this requirement where the consolidated financial statements are publicly available.

b) **Basis of consolidation**

Assets, liabilities and the results of subsidiary undertakings are included in the consolidated accounts on the basis of accounts made up to 31 December. Premiums and discounts on the acquisition of subsidiary undertakings are taken directly to reserves in the year of acquisition.

c) **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated in the balance sheet of the company at its share of the subsidiaries' net assets.

d) **Deferred income**

A proportion of the factoring fees levied when debts are purchased, relating to total debts outstanding at the balance sheet date, is carried forward against future collection and other costs.

e) **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off their cost less residual value on a straight line basis over their expected useful lives as follows:

Furniture, fittings and equipment	5-10 years
Motor vehicles	4 years

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

f) **Deferred taxation**

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise within the foreseeable future.

g) **Pensions**

The company and its subsidiary undertakings belong to the Lloyds Bank Factors Pension Scheme, a fully funded defined benefit scheme.

Contributions to the scheme, which are based upon the total pension cost across the companies participating in the scheme, are charged to the profit and loss account so as to spread the expected cost of pensions, calculated in accordance with actuarial advice, on a systematic basis over employees' working lives.

The pension cost relating to the scheme is assessed in accordance with the advice of qualified actuaries, using the projected unit method. Variations from the regular cost are allocated by equal annual instalments over the expected remaining service lives of employees currently in the scheme.

h) **Leases**

Rentals under operating leases are charged in the profit and loss account on a straight line basis over the lease term. The company has no finance leases.

i) **Foreign currency**

Transactions and cash balances denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Cash at bank in foreign currencies is not retranslated at year end rates as the funds are used to reimburse clients in that currency and there is no exposure to exchange rate fluctuations.

2. **Turnover**

Turnover, which arose principally in the UK, represents factoring fees earned on debts purchased and discount income on prepayments to clients, and is analysed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Invoice factoring	44,429	40,367	44,429	40,367
Invoice discounting	18,147	15,486	-	-
	<u>62,576</u>	<u>55,853</u>	<u>44,429</u>	<u>40,367</u>
	=====	=====	=====	=====

ALEX. LAWRIE FACTORS LIMITED
Notes to the accounts (continued)

3. Directors and employees

a) Staff Costs

The average number of persons employed during the year was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Invoice factoring	613	581	613	581
Invoice discounting	72	59	-	-
	<u>685</u>	<u>640</u>	<u>613</u>	<u>581</u>

The aggregate staff costs were:-

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Salaries	11,332	10,371	10,204	9,475
Social security costs	961	869	867	793
Other pension costs	855	761	758	687
	<u>13,148</u>	<u>12,001</u>	<u>11,829</u>	<u>10,955</u>

b) Pensions

Full actuarial valuations of the scheme are carried out every three to five years with interim reviews in the intervening years. At 1 July 1993, the date of the latest full actuarial valuation, the principal actuarial assumptions adopted were that, over the long term, the annual rate of return on new investments would be 2.5% higher than the annual increase in pensionable remuneration, 5% higher than the annual increase in present and future pensions payable, and 4.5% higher than the annual increase in dividends receivable.

The market value of the assets of the scheme at this date was £19,132,000. The actuarial value of the assets represented 96% of the accrued liabilities allowing for future increases in pensions and pensionable remuneration. The action being taken to deal with the shortfall is to increase the normal combined contributions from 15% to 15.6% of salaries with effect from 1 October 1994.

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

c)	Directors' emoluments	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
	Fees	-	-
	Pension contributions	51	44
	Compensation for loss of office	20	-
	Other emoluments	613	565
		<u>684</u>	<u>609</u>
		===	===

The emoluments, excluding pension contributions, of each of the directors who held the office of Chairman during the year were Nil (1995:Nil). The emoluments, excluding pension contributions, of the highest paid director were £144,266 (1995:£117,046). The number of the directors whose gross emoluments, excluding pension contributions, were within each of the following ranges was:

	<u>1996</u>	<u>1995</u>
Nil to £5,000	4	2
£60,001 to £65,000	-	2
£65,001 to £70,000	2	-
£70,001 to £75,000	-	2
£75,001 to £80,000	1	-
£85,001 to £90,000	2	1
£90,001 to £95,000	-	1
£95,001 to £100,000	1	-
£115,001 to £120,000	-	1
£140,001 to £145,000	1	-

4.	<u>Interest payable</u>	<u>Group</u>		<u>Company</u>	
		<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
	On balance with group undertakings repayable within five years	16,933	14,744	7,745	6,636
	On bank overdrafts and loans repayable within five years	-	2	-	2
		<u>16,933</u>	<u>14,746</u>	<u>7,745</u>	<u>6,638</u>
		=====	=====	=====	=====

5. Profit on ordinary activities before taxation

a)	The analysis by activity is as follows:	<u>Group</u>		<u>Company</u>	
		<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
	Invoice factoring	10,387	9,893	10,387	9,893
	Invoice discounting	6,872	5,511	-	-
	Income from shares in group undertakings	-	-	4,595	3,445
		<u>17,259</u>	<u>15,404</u>	<u>14,982</u>	<u>13,338</u>
		=====	=====	=====	=====

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

- b) Profit on ordinary activities before taxation is stated after charging:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating lease rentals:				
Land and buildings	1,336	1,238	1,336	1,238
	=====	=====	=====	=====

- c) Payments made to the auditors were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Audit fee	27	30	19	22
Fees for non audit services	11	45	11	45
	=====	=====	=====	=====

6. Taxation on profit on ordinary activities

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporation tax	5,773	5,709	3,496	3,643
Prior year adjustment	2	2	2	2
	=====	=====	=====	=====
	5,775	5,711	3,498	3,645
	=====	=====	=====	=====

The charge for taxation on the profit for the year is based on a United Kingdom corporation tax rate of 33% (1995:33%). There is no liability to deferred taxation at 31 December 1996 (1995:Nil).

A potential deferred tax asset arises at the year-end in respect of the following:

	<u>Accelerated capital allowances</u>	<u>Other timing differences</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Group</u>			
As at 1 January 1996	(82)	882	800
Movement	70	(61)	9
	=====	=====	=====
At 31 December 1996	(12)	821	809
	=====	=====	=====
<u>Company</u>			
As at 1 January 1996	(78)	500	422
Movement	68	(66)	2
	=====	=====	=====
At 31 December 1996	(10)	434	424
	=====	=====	=====

No amounts have been included in the accounts in respect of the asset.

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

7. Tangible fixed assets

	<u>Furniture Fittings & Equipment £'000</u>	<u>Motor Vehicles £'000</u>	<u>Total £'000</u>
Group			
Cost			
At 1 January 1996	9,568	2,041	11,609
Additions	1,441	956	2,397
Disposals	(316)	(695)	(1,011)
At 31 December 1996	<u>10,693</u>	<u>2,302</u>	<u>12,995</u>
Depreciation			
At 1 January 1996	5,932	620	6,552
Charge for the year	1,235	548	1,783
Disposals	(108)	(424)	(532)
At 31 December 1996	<u>7,059</u>	<u>744</u>	<u>7,803</u>
Balance sheet amount at 31 December 1996	<u>3,634</u>	<u>1,558</u>	<u>5,192</u>
Balance sheet amount at 31 December 1995	<u>3,636</u>	<u>1,421</u>	<u>5,057</u>
Company			
Cost			
At 1 January 1996	9,568	1,775	11,343
Additions	1,441	734	2,175
Disposals	(316)	(643)	(959)
At 31 December 1996	<u>10,693</u>	<u>1,866</u>	<u>12,559</u>
Depreciation			
At 1 January 1996	5,932	554	6,486
Charge for the year	1,235	458	1,693
Disposals	(108)	(396)	(504)
At 31 December 1996	<u>7,059</u>	<u>616</u>	<u>7,675</u>
Balance sheet amount at 31 December 1996	<u>3,634</u>	<u>1,250</u>	<u>4,884</u>
Balance sheet amount at 31 December 1995	<u>3,636</u>	<u>1,221</u>	<u>4,857</u>

ALEX. LAWRIE FACTORS LIMITED**Notes to the accounts (continued)****8. Investments**

	<u>£'000</u>
Investment in subsidiary undertakings	
At 1 January and at 31 December 1996	3,408
	=====

Subsidiary undertakings both of which are registered in England and Wales and whose results are included in the consolidation, are:

	<u>Percentage held</u>	<u>Principal country of operation</u>
Alex. Lawrie Receivables Financing Limited 200,000 Ordinary Shares £1 each	100	Great Britain
Alex. Lawrie Computer Services Limited 100 Ordinary Shares £1 each	100	Great Britain

Alex. Lawrie Receivables Financing Limited is engaged in the business of invoice discounting on a disclosed and undisclosed basis. Alex. Lawrie Computer Services Limited did not trade during the year.

9. Debtors

All falling due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Prepayments to clients	340,431	303,415	191,658	165,281
Amounts owed by subsidiary undertakings	-	-	147,840	129,185
Amounts owed by other group undertakings	29,955	13,779	18,984	13,400
Other debtors	356	246	355	245
Prepayments	989	788	989	787
Dividend receivable	-	-	4,595	3,445
Corporation tax recoverable	2,423	-	1,562	-
	-----	-----	-----	-----
	374,154	318,228	365,983	312,343
	=====	=====	=====	=====

The underlying gross figures for prepayments to clients are:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Factored debts receivable	642,733	546,424	342,697	288,027
Due to clients on collection	(302,302)	(243,009)	(151,039)	(122,746)
	-----	-----	-----	-----
Prepayments to clients	340,431	303,415	191,658	165,281
	=====	=====	=====	=====

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

10. Creditors: amounts falling due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts owed to group				
undertakings	337,002	286,452	337,002	286,452
Corporation Tax	5,774	5,709	3,497	3,643
Taxation and Social Security	836	96	585	94
Accruals	2,695	2,175	2,512	2,028
Deferred income	2,427	2,143	2,427	2,114
Proposed dividend	11,484	9,693	11,484	9,693
Amounts due to clients	5,808	3,862	3,448	3,429
Other creditors	1,333	1,157	1,333	1,157
	<u>367,359</u>	<u>311,287</u>	<u>362,288</u>	<u>308,610</u>

The underlying gross figures for amounts due to clients are:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Factored debts receivable	(36,505)	(29,473)	(18,989)	(24,077)
Due to clients on collection	42,313	33,335	22,437	27,506
Net due to clients	<u>5,808</u>	<u>3,862</u>	<u>3,448</u>	<u>3,429</u>

11. Called up share capital

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Authorised, allotted, called up and fully paid: 101,100,000 Ordinary shares 1p each	1,011	1,011

12. Reserves

	<u>Group</u>	<u>Company</u>
	<u>£'000</u>	<u>£'000</u>
Retained profit		
At 1 January and 31 December 1996	11,007	7,676
Revaluation reserve		
At 1 January and 31 December 1996		3,331
Total reserves		11,007

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

13. Reconciliation of movements in shareholders' funds

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year attributable to shareholders	11,484	9,693
Dividends	(11,484)	(9,693)
	-----	-----
Net movement in shareholders' funds	-	-
Shareholders' funds at the beginning of the year	12,018	12,018
	-----	-----
Shareholders' funds at the end of the year	12,018	12,018
	=====	=====

14. Directors' interests

The interests, all beneficial, of those who were directors of Alex. Lawrie Factors Limited at 31 December but were not also directors of Lloyds Bank Plc in the capital of Lloyds TSB Group plc were:

	<u>Lloyds TSB Group plc</u>	
	<u>At 1 January 1996</u>	<u>At 31 December 1996</u>
	<u>or later date of appointment</u>	
H Bartlett	11,545	9,983
B P Birch	15,079	11,757
J A Green	9,504	9,832
A K Hutton	15,587	15,092
F M P Riding	51,997	54,462
P K Saunders	9,263	15,351
M J Smith	7,294	5,526
J A Spence	36,408	59,477
S J Websdale	2,205	2,284

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

14. Directors' interests (continued)

Options to subscribe for shares in Lloyds TSB Group plc:

	<u>At 1 January 1996</u>	<u>During the year</u>		<u>At 31 December</u>
	<u>or later date of appointment</u>	<u>Granted</u>	<u>Exercised</u>	<u>1996</u>
H Bartlett	4,820	3,818		8,638
B P Birch	6,856	2,454		9,310
J A Green	6,047	3,751	(1,192)	8,606
A K Hutton	6,856	2,388		9,244
F M P Riding	87,061			87,061
P K Saunders	7,772	4,404	(4,174)	8,002
M J Smith	6,856	2,454		9,310
J A Spence	70,151	13,718	(30,179)	53,690
S J Websdale	5,967	2,181		8,148

Options outstanding are exercisable between 1997 and 2006 and at prices of between 115p and 321p.

None of the above directors had an interest at the beginning of the year or at the end of the year in the loan capital of Lloyds TSB Group plc or any other interest in the share or loan capital of its subsidiaries.

15. Lease commitments

Commitments under operating leases, all of which relate to buildings, in respect of payments which the group and company are due to make in the following year were:

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Commitments expiring within one year	30	9
Commitments expiring between one and five years	268	286
Commitments expiring after five years or more	1,195	1,041
	<hr/>	<hr/>
	1,493	1,336
	<hr/>	<hr/>

ALEX. LAWRIE FACTORS LIMITED

Notes to the accounts (continued)

16. Capital commitments

Capital expenditure not provided for in these accounts comprises:

	<u>Group and Company</u>	
	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Contracted	62	158
Authorised but not contracted	127	484

17. Ultimate parent undertaking

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of the undertakings for which group accounts are drawn up and of which the company is a member. Lloyds Bank Plc is the parent undertaking of the smallest such group of undertakings. Lloyds TSB Group plc is registered in Scotland and Lloyds Bank Plc is registered in England and Wales. Copies of the group accounts of both may be obtained from the Company Secretary's Office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

The company's immediate parent undertaking does not produce group accounts.

18. Date of approval

The directors approved the accounts on 12 February 1997.