

733011

ALEX. LAWRIE FACTORS LTD

REPORT AND ACCOUNTS

1997



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 1997.

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 270, and in the aggregate value of invoices handled of £563 million (14%).

No changes in the underlying business are foreseen.

Results and dividends

The group made a profit before taxation for the year of £18,363,000 (1996: £17,259,000) on a turnover of £71,934,000 (1996: £62,576,000) as shown in the consolidated profit and loss account on page 6.

The directors recommend the payment of a first and final dividend of £12,380,000 leaving a transfer to reserves of £Nil.

Directors

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

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)

Policy and practice on payment of creditors.

The company's policy is to agree terms of payment with suppliers and these normally provide for payment within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

The number of days to be shown in this report, to comply with the provisions of paragraph 12(3) of part VI of schedule 7 to the Companies Act 1989, is 10. This bears the same proportion to the number of days in the year as the aggregate of the amounts owed to trade creditors at 31st December 1997 bears to the aggregate of the amounts invoiced by suppliers during the year.

Staff

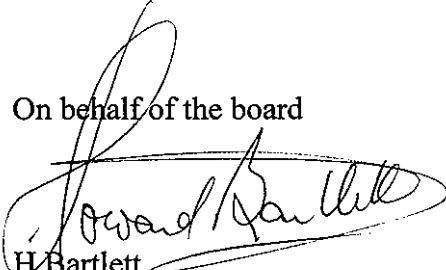
During the year the company continued its policy of encouraging employee involvement in its affairs by monthly communications meetings, Joint Consultative Committee meetings and presentations on the company's business progress.

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



H Bartlett
Secretary

12 February 1998

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.

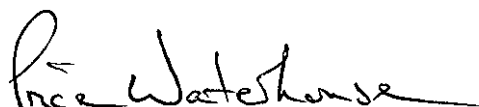
We planned and performed our audit so as to obtain all the relevant information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other 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 1997 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.

A handwritten signature in cursive script, appearing to read "Price Waterhouse", written in dark ink.

PRICE WATERHOUSE

Chartered Accountants and Registered Auditors

10 Bricket Road

St Albans

HERTS AL1 3JX

12 February 1998

ALEX. LAWRIE FACTORS LIMITED

Consolidated profit and loss account for the year ended 31 December 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
Turnover	2	71,934	62,576
Staff costs	3	(14,007)	(13,148)
Depreciation	7	(1,903)	(1,783)
Other operating charges		(16,131)	(13,453)
		<hr/>	<hr/>
		(32,041)	(28,384)
		<hr/>	<hr/>
Operating profit		39,893	34,192
Interest payable	4	(21,530)	(16,933)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	18,363	17,259
Taxation on profit on ordinary activities	6	(5,983)	(5,775)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		12,380	11,484
Proposed dividend		(12,380)	(11,484)
		<hr/>	<hr/>
Retained profit for the financial year	13	-	-
		<hr/> <hr/>	<hr/> <hr/>

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 1997

	<u>Note</u>	<u>1997</u>		<u>1996</u>	
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2		49,977		44,429
Staff costs	3	(12,555)		(11,829)	
Depreciation	7	(1,802)		(1,693)	
Other operating charges		(15,164)		(12,775)	
			(29,521)		(26,297)
Operating profit			20,456		18,132
Interest payable	4		(9,641)		(7,745)
			10,815		10,387
Income from shares in group undertakings			5,115		4,595
Profit on ordinary activities before taxation	5		15,930		14,982
Taxation on profit on ordinary activities	6		(3,550)		(3,498)
Profit on ordinary activities after taxation			12,380		11,484
Proposed dividend			(12,380)		(11,484)
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 1997

	<u>Note</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Fixed assets			
Tangible assets	7	5,370	5,192
Current assets			
Debtors	9	418,196	374,154
Cash at bank and in hand		404	31
		<u>418,600</u>	<u>374,185</u>
Creditors: amounts falling due within one year	10	<u>(411,952)</u>	<u>(367,359)</u>
Net current assets		<u>6,648</u>	<u>6,826</u>
Total assets less current liabilities		<u><u>12,018</u></u>	<u><u>12,018</u></u>
Capital and reserves			
Called up share capital	11	1,011	1,011
Profit and loss account	12	11,007	11,007
Equity shareholders' funds	13	<u><u>12,018</u></u>	<u><u>12,018</u></u>

K J Higley
F M P Riding
Directors



12 February 1998

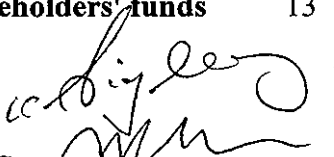
The notes on pages 10 to 20 form part of these accounts.

ALEX. LAWRIE FACTORS LIMITED

Company balance sheet at 31 December 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
Fixed assets			
Tangible assets	7	5,045	4,884
Investments	8	3,408	3,408
		<hr/>	<hr/>
		8,453	8,292
Current assets			
Debtors	9	409,481	365,983
Cash at bank and in hand		404	31
		<hr/>	<hr/>
		409,885	366,014
Creditors: amounts falling due within one year	10	(406,320)	(362,288)
		<hr/>	<hr/>
Net current assets		3,565	3,726
		<hr/>	<hr/>
Total assets less current liabilities		12,018	12,018
		<hr/> <hr/>	<hr/> <hr/>
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
		<hr/>	<hr/>
Equity shareholders' funds	13	12,018	12,018
		<hr/> <hr/>	<hr/> <hr/>

K J Higley
F M P Riding
Directors



12 February 1998

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>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Invoice factoring	49,977	44,429	49,977	44,429
Invoice discounting	21,957	18,147	-	-
	<u>71,934</u>	<u>62,576</u>	<u>49,977</u>	<u>44,429</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>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Invoice factoring	635	613	635	613
Invoice discounting	77	72	-	-
	<u>712</u>	<u>685</u>	<u>635</u>	<u>613</u>
	=====	=====	=====	=====

The aggregate staff costs were:-

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Salaries	12,131	11,332	10,889	10,204
Social security costs	973	961	870	867
Other pension costs	903	855	796	758
	<u>14,007</u>	<u>13,148</u>	<u>12,555</u>	<u>11,829</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 30 September 1996, 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 £28,750,000. The actuarial value of the assets represented 100.5% of the accrued liabilities allowing for future increases in pensions and pensionable remuneration.

Despite this small surplus, the combined contribution rate required to fund the scheme has increased from 15.6% to 16.1% of salaries, and this was implemented with effect from 1 January 1998. This increase is due to a change in the statistical assumptions used to predict future pension liabilities.

ALEX. LAWRIE FACTORS LIMITED**Notes to the accounts (continued)****c) Directors' emoluments**

The emoluments of the directors have been apportioned between Lloyds Bank Plc and Alex. Lawrie Factors Ltd according to their services as directors or officers of those companies.

On that apportioned basis, the aggregate emoluments of the directors were £529,016 (1996: £613,100). Retirement benefits in respect of services to Alex. Lawrie Factors Ltd are accruing to six directors under defined benefit pension schemes.

Reference is made on page 19 in note 14 to share options exercised by the directors.

The aggregate emoluments of the highest paid director (K J Higley) were £104,478. The aggregate emoluments of the highest paid director in 1996 (M J Smith) were £144,266.

At 31 December 1997, K J Higley had an accrued pension of £41,718 per annum.

4. <u>Interest payable</u>	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
On balance with group undertakings repayable within five years	21,530	16,933	9,641	7,745

5. Profit on ordinary activities before taxation

a) The analysis by activity is as follows:	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Invoice factoring	10,815	10,387	10,815	10,387
Invoice discounting	7,548	6,872	-	-
Income from shares in group undertakings	-	-	5,115	4,595
	<u>18,363</u>	<u>17,259</u>	<u>15,930</u>	<u>14,982</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Operating lease rentals:				
Land and buildings	1,391	1,336	1,391	1,336

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

c) Payments made to the auditors were as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Audit fee	28	27	18	19
Fees for non audit services	1	11	1	11
	===	===	===	===

6. Taxation on profit on ordinary activities

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Corporation tax	5,985	5,773	3,552	3,496
Prior year adjustment	(2)	2	(2)	2
	5,983	5,775	3,550	3,498
	===	===	===	===

The charge for taxation on the profit for the year is based on an average United Kingdom corporation tax rate of 31.5% (1996:33%). There is no liability to deferred taxation at 31 December 1997 (1996: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 1997	(12)	821	809
Movement	71	5	76
	---	---	---
At 31 December 1997	59	826	885
	===	===	===
<u>Company</u>			
As at 1 January 1997	(10)	434	424
Movement	72	(32)	40
	---	---	---
At 31 December 1997	62	402	464
	===	===	===

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</u> <u>£'000</u>	<u>Motor Vehicles</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Group			
Cost			
At 1 January 1997	10,693	2,302	12,995
Additions	1,477	987	2,464
Disposals	(1,270)	(824)	(2,094)
At 31 December 1997	10,900	2,465	13,365
Depreciation			
At 1 January 1997	7,059	744	7,803
Charge for the year	1,314	589	1,903
Disposals	(1,236)	(475)	(1,711)
At 31 December 1997	7,137	858	7,995
Balance sheet amount at 31 December 1997	3,763	1,607	5,370
Balance sheet amount at 31 December 1996	3,634	1,558	5,192
Company			
Cost			
At 1 January 1997	10,693	1,866	12,559
Additions	1,477	760	2,237
Disposals	(1,270)	(612)	(1,882)
At 31 December 1997	10,900	2,014	12,914
Depreciation			
At 1 January 1997	7,059	616	7,675
Charge for the year	1,314	488	1,802
Disposals	(1,236)	(372)	(1,608)
At 31 December 1997	7,137	732	7,869
Balance sheet amount at 31 December 1997	3,763	1,282	5,045
Balance sheet amount at 31 December 1996	3,634	1,250	4,884

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 1997	3,408
	<u>=====</u>

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>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Prepayments to clients	388,108	340,431	215,566	191,658
Amounts owed by subsidiary undertakings	-	-	173,013	147,840
Amounts owed by other group undertakings	28,884	29,955	14,585	18,984
Other debtors	550	356	550	355
Prepayments	654	989	652	989
Dividend receivable	-	-	5,115	4,595
Corporation tax recoverable	-	2,423	-	1,562
	<u>418,196</u>	<u>374,154</u>	<u>409,481</u>	<u>365,983</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The underlying gross figures for prepayments to clients are:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Factored debts receivable	718,385	642,733	377,931	342,697
Due to clients on collection	(330,277)	(302,302)	(162,365)	(151,039)
Prepayments to clients	<u>388,108</u>	<u>340,431</u>	<u>215,566</u>	<u>191,658</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

ALEX. LAWRIE FACTORS LIMITED
Notes to the accounts (continued)
10. Creditors: amounts falling due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts owed to group				
undertakings	377,880	337,002	377,880	337,002
Corporation Tax	5,985	5,774	3,552	3,497
Taxation and Social Security	952	836	671	585
Accruals	3,073	2,695	2,875	2,512
Deferred income	2,755	2,427	2,745	2,427
Proposed dividend	12,380	11,484	12,380	11,484
Amounts due to clients	7,937	5,808	5,227	3,448
Other creditors	990	1,333	990	1,333
	<u>411,952</u>	<u>367,359</u>	<u>406,320</u>	<u>362,288</u>

The underlying gross figures for amounts due to clients are:

	<u>Group</u>		<u>Company</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Factored debts receivable	(40,505)	(36,505)	(25,876)	(18,989)
Due to clients on collection	48,442	42,313	31,103	22,437
	<u>7,937</u>	<u>5,808</u>	<u>5,227</u>	<u>3,448</u>

11. Called up share capital

	<u>1997</u>	<u>1996</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 1997	11,007	7,676
Revaluation reserve		
At 1 January and 31 December 1997		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>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year attributable to shareholders	12,380	11,484
Dividends	(12,380)	(11,484)
	—	—
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 1997</u>	<u>At 31 December 1997</u>
	<u>or later date of appointment</u>	
H Bartlett	9,983	9,570
B P Birch	11,757	10,524
J A Green	9,832	10,426
K J Higley	42,313	40,839
A K Hutton	15,092	14,656
F M P Riding	54,462	56,348
P K Saunders	15,351	12,624
J A Spence	64,063	60,727

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 1997</u> <u>or later date of appointment</u>	<u>During the year</u>		<u>At 31 December</u> <u>1997</u>
		<u>Granted</u>	<u>Exercised</u>	
H Bartlett	8,638	-	1,562	7,076
B P Birch	9,310	201	1,562	7,949
J A Green	8,606	356	1,562	7,400
K J Higley	49,782	12,497	1,562	60,717
A K Hutton	9,244	201	1,562	7,883
F M P Riding	87,061	31,658	5,216	113,503
P K Saunders	8,002	497	1,562	6,937
J A Spence	53,690	20,562	1,562	72,690

Options outstanding are exercisable between 1998 and 2006 and at prices of between 137p and 580p.

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>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Commitments expiring within one year	34	30
Commitments expiring between one and five years	271	268
Commitments expiring after five years or more	1,210	1,195
	<hr/>	<hr/>
	1,515	1,493
	<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>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>
Contracted	377	62
Authorised but not contracted	62	127

17. Contingent liabilities

The company has given certain guarantees to clients' banks in respect of amounts owed by clients.

The total amount of such guarantees at 31 December 1997 was as follows:

<u>Group</u>		<u>Company</u>	
<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
83	-	63	-

18. Ultimate parent undertaking

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.

19. Date of approval

The directors approved the accounts on 12 February 1998.