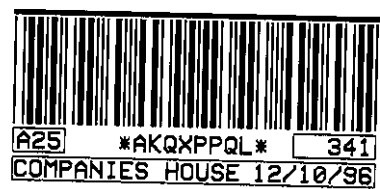


LBI LEASING LIMITED

31 March 1996



LBI LEASING LIMITED
203 Blackfriars Road London SE1 8NH

DIRECTORS

A E Moore CBE - (Chairman)
J A Davies
D H A Harrison
P B Miles (alternate A R Foad)

SECRETARY

MR Hatcher

AUDITORS

Price Waterhouse

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

747346

LBI LEASING LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is the leasing of plant and equipment.

During the year the company did not incur any expenditure on leased assets. At the end of the year the cost of leased assets owned amounted to £522,552,000.

RESULTS

The profit after taxation for the year ended 31 March 1996 amounted to £2,925,000 as set out in the profit and loss account on page 5.

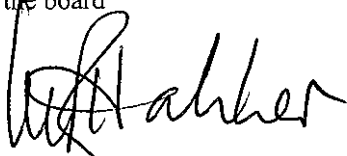
An interim dividend of £1,000,000 was paid in March 1996. A further interim dividend of £1,930,000 will be paid in June 1996 partly from reserves.

DIRECTORS

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

All the directors are also directors of Lloyds Leasing Limited and reference to their interests in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries, is made in the report and accounts of Lloyds Leasing Limited.

On behalf of the board



M R Hatcher
Secretary

12 June 1996

AUDITORS' REPORT TO THE MEMBER OF LBI LEASING LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

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 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring the company keeps accounting records which disclose with reasonable accuracy the financial position of the company 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 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 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 affairs of the company as at 31 March 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

12 June 1996

LBI LEASING LIMITED

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, in compliance with the Companies Act 1985 and in accordance with applicable accounting standards. The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 is included in the accounts of its ultimate parent undertaking.

(a) Income recognition - finance leases

(i) Tax variable leases

Post-tax profits on leases are allocated to the profit and loss account in proportion to the net cash invested in each period taking into account the effects of taxation so as to give a constant periodic rate of return. The taxation charge and pre-tax profits are determined by reference to the post-tax profit allocated and the rate of tax applicable for the period.

(ii) Fixed for tax leases

Rentals receivable, after adjusting for the amortisation of the cost of leased assets either positive or negative, are credited to the profit and loss account over the primary period of each lease in proportion to the net cash invested in each period, taking into account the effects of taxation.

(b) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a year-end appraisal of rentals receivable less income allocated to future periods.

(c) Foreign currency translation

Assets and liabilities denominated in foreign currency are matched and are translated into sterling at original contractual rates.

(d) 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 in the foreseeable future.

(e) Secondary rentals

Secondary rentals are recognised at the later of the date invoiced or due.

LBI LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1996

	Note	1996 £000	1995 £000
TURNOVER	1	41,686	41,690
AMORTISATION OF LEASED ASSETS		16,358	17,317
		<hr/> 25,328	<hr/> 24,373
INTEREST EXPENSE	2	20,650	19,488
		<hr/> 4,678	<hr/> 4,885
OTHER INCOME	3	148	-
		<hr/> 4,826	<hr/> 4,885
OPERATING EXPENSES			
Administrative expenses		311	395
Management fee payable to parent undertaking		223	179
		<hr/> 534	<hr/> 574
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,292	4,311
TAXATION	5	1,367	1,423
PROFIT AFTER TAXATION		<hr/> 2,925	<hr/> 2,888

There are no further gains or losses attributable to the shareholder other than those disclosed above.

The notes on pages 8 to 10 form part of these accounts.

LBI LEASING LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
for the year ended 31 March 1996

	1996 £000	1995 £000
PROFIT FOR THE YEAR AFTER TAXATION	2,925	2,888
DIVIDENDS	2,930	2,880
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CAPITAL AND RESERVES	(5)	8
CAPITAL AND RESERVES AT BEGINNING OF YEAR	6,372	6,364
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	6,367	6,372
	<hr/>	<hr/>


The notes on pages 8 to 10 form part of these accounts.

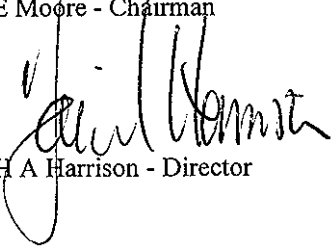
LBI LEASING LIMITED

BALANCE SHEET

at 31 March 1996

	Note	1996 £000	1995 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables after more than one year	6	392,962	399,874
Amounts owed by group undertakings	7	4,334	103,577
Other debtors		434	260
		<hr/>	<hr/>
		397,730	503,711
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account	9	6,367	6,372
		<hr/>	<hr/>
		6,367	6,372
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	114,829	111,265
CREDITORS			
Amounts owed to group undertakings	11	271,240	384,860
Other creditors		5,294	1,214
		<hr/>	<hr/>
		276,534	386,074
		<hr/>	<hr/>
		397,730	503,711
		<hr/>	<hr/>


A E Moore - Chairman


D H A Harrison - Director

The notes on pages 8 to 10 form part of these accounts.

LBI LEASING LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year and comprises:

	1996 £000	1995 £000
UK market	36,457	36,453
Other markets	5,229	5,237
	<hr/>	<hr/>
	41,686	41,690
	<hr/>	<hr/>

2 INTEREST EXPENSE

	1996 £000	1995 £000
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Interest expense comprises:

Interest payable on bank loans and overdrafts
to group undertakings

22,641	23,644
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Less: interest receivable
from group undertakings
from others

(1,988)	(4,156)
(3)	-

(1,991)	(4,156)
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20,650	19,488
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3 OTHER INCOME

During the year the company acquired from Lloyds Bank Plc 609,000 shares at a price of £3.30 per share in a trade investment. These were subsequently sold for £3.54304 per share after expenses giving a profit of £148,000 on the transaction.

4 DIRECTORS' EMOLUMENTS

An aggregate amount of £3,000 was deemed to have been paid by Lloyds Bank Plc for the services of one director in respect of the management of the affairs of the company (1995: a total of £3,000 for two directors). There were no other directors' emoluments paid in respect of services to the company.

5 TAXATION

	1996 £000	1995 £000
Group relief receivable	(2,197)	(5,622)
Deferred taxation	3,564	7,045
	<hr/>	<hr/>
	1,367	1,423
	<hr/>	<hr/>

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 33% (1995: 33%).

LBI LEASING LIMITED

NOTES TO THE ACCOUNTS

6 FINANCE LEASE RECEIVABLES

	1996 £000	1995 £000
Future rentals	732,011	785,778
Less:		
Rentals received in advance	(35,601)	(45,502)
Income allocated to future periods	(303,448)	(340,402)
	<hr/>	<hr/>
	392,962	399,874
	<hr/>	<hr/>

Finance lease receivables represent the cost of leased assets less rentals received in advance after providing for the following:

Accumulated amortisation	93,989	114,120
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7 AMOUNTS OWED BY GROUP UNDERTAKINGS

	1996 £000	1995 £000
Amounts falling due within one year:		
Bank deposits	-	91,813
Amount due from fellow subsidiary undertakings	2,137	2,423
Interest receivable	-	3,719
Group relief receivable	2,197	5,622
	<hr/>	<hr/>
	4,334	103,577
	<hr/>	<hr/>

8 CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100	100
	<hr/>	<hr/>

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 undertakings for which group accounts are drawn up and of which the company is a member. Lloyds Leasing Limited is the parent undertaking of the smallest such group of undertakings. Lloyds TSB Group plc is registered in Scotland and Lloyds Leasing Limited 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.

LBI LEASING LIMITED

NOTES TO THE ACCOUNTS

9 PROFIT AND LOSS ACCOUNT

£000

At 1 April 1995	6,372
Deficit for the year	(5)

At 31 March 1996	6,367
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10 DEFERRED TAXATION

£000

At 1 April 1995	111,265
Charge for the year	3,564

At 31 March 1996	114,829
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The balances at 31 March 1996 and 1 April 1995 represent full provision in respect of the potential liability of the company to taxation on the excess of capital allowances over related amortisation of leased assets.

11 AMOUNTS OWED TO GROUP UNDERTAKINGS

1996	1995
£000	£000

Amounts falling due within one year:

Bank overdraft	99,643	37,836
Bank borrowings	160,407	339,922
Amounts due to fellow subsidiary undertakings	7,353	5,461
Interest payable	1,907	961
Interim dividend	1,930	680
	<hr/>	<hr/>
	271,240	384,860
	<hr/>	<hr/>

12 ASSETS CHARGED AS SECURITY

A charge has been registered in respect of certain assets of the company to secure liabilities of a third party.

13 CAPITAL AND OTHER COMMITMENTS

The company in the course of its business enters into interest rate swap contracts. The underlying principal amount of these contracts and the replacement cost obtained by marking to market are:

1996	1995
£000	£000

Underlying principal amount	10,000	10,000
Replacement cost	433	40

14 DATE OF APPROVAL

The directors approved the accounts on 12 June 1996.