

REGISTERED NUMBER : 824614

UNITED DOMINIONS LEASING LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997



REPORT OF THE DIRECTORS

The directors present the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the Company is the leasing of passenger cars and other vehicles, plant and equipment.

There have been no significant changes in the business during the year under review and none are envisaged by the directors.

BUSINESS REVIEW AND RESULTS FOR THE YEAR

The result for the year after taxation and dividends was a loss of £67,000 (1996 profit - £497,000) which has been deducted from the retained profit brought forward of £629,000 leaving a retained profit of £562,000 to be carried forward.

DIVIDENDS

The Company paid interim dividends amounting to £500,000 (1996 - £Nil).
The directors do not recommend the payment of a final dividend. (1996 - £Nil).

DIRECTORS

J L Davies	Resigned 22 January 1997
D A Baggaley	Appointed 30 June 1997. Resigned 6 March 1998.
P F Hook	Appointed 22 January 1997
M P Kilbee	Appointed 6 March 1998
D K Potts	Resigned 30 June 1997
J R Whittington	Resigned 16 June 1997

DIRECTORS' INTERESTS IN SHARE CAPITAL

The directors' beneficial interests in ordinary shares of 25p each in the Company's ultimate parent undertaking, Lloyds TSB Group plc, at 1 January 1997 and at 31 December 1997 are shown below:

	<u>At 31.12.97</u>		<u>At 1.1.97</u> (or at date of appointment, if later)	
	<u>Shares</u>	<u>Shares under option</u>	<u>Shares</u>	<u>Shares under option</u>
D A Baggaley	1,798	4,146	1,798	4,146
P F Hook	3,145	14,146	-	-

Net changes in options shown above arose as a result of the grant and exercise of options during the year.

Movements in options during the year are shown below:

	<u>Number of Options Granted</u>	<u>Number of Options Exercised</u>
D A Baggaley	4,146	-
P F Hook	14,146	-

During the year D A Baggaley and P F Hook exercised 4,105 and 3,670 options respectively (2,352 and 2,365 options lapsed) in Lloyds Abbey Life plc (now Lloyds TSB Financial Services Holdings plc) under the terms of the scheme of arrangement by which that company became a wholly owned subsidiary of Lloyds TSB Group plc.

Except as disclosed above, no director held any interests in shares or debentures of Lloyds TSB Group plc or any of its subsidiary undertakings at 1 January 1997, (or at date of appointment, if later), or at 31 December 1997.

AUDITORS

The Auditors, Price Waterhouse have indicated their willingness to be re-appointed and a resolution concerning their re-appointment will be proposed at the annual general meeting.

By order of the board



M P Kilbee

Secretary

5 May, 1998

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 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DOMINIONS LEASING LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the statements and 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 1997 and of its 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
10 Bricket Road
St Albans
Herts
AL1 3JX

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
Turnover	1(ii)	40,683	31,881
Cost of sales		35,308	26,367
		<hr/>	<hr/>
Gross profit		5,375	5,514
Administrative expenses	2	5,205	4,879
		<hr/>	<hr/>
Profit on ordinary activities before taxation		170	635
Tax (credit)/charge on profit on ordinary activities	3	(263)	138
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the financial year		433	497
Dividends paid		500	-
		<hr/>	<hr/>
Retained (deficit)/profit for the year		(67)	497
Retained profit brought forward		629	132
		<hr/>	<hr/>
Retained profit carried forward		562	629
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than those shown in the profit and loss account.
All items dealt with in the profit and loss account relate to continuing operations.

The notes on pages 7 to 10 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
CURRENT ASSETS			
Debtors			
Receivable on leased assets	4	47,682	74,246
Other debtors		545	4,305
		<u>48,227</u>	<u>78,551</u>
Creditors: Amounts falling due within one year			
Amounts due to fellow subsidiary undertakings	5	4,484	191
Amounts due to immediate parent undertaking		39,418	72,623
Other creditors		1,919	688
		<u>45,821</u>	<u>73,502</u>
Net liabilities due within one year		(25,398)	(35,521)
Net assets due after one year		27,804	40,570
Total assets less current liabilities		2,406	5,049
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	6	(1,844)	(4,420)
		<u>562</u>	<u>629</u>
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account		562	629
Shareholders' funds		<u>562</u>	<u>629</u>

Approved by the board of directors on 5 May 1998



M P Kilbee

The notes on pages 7 to 10 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(i) Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary of an EC parent which itself prepares a cash flow statement.

(ii) Turnover

Turnover represents the total of rents receivable on leasing business.

(iii) Leasing

Income from finance leases, net of commissions, is credited to the profit and loss account in proportion to the net funds invested using the actuarial method. Finance leases are included in the balance sheet as receivable on leased assets at amounts based on the discounted value of future rentals.

(iv) Provisions for Bad and Doubtful Debts

Specific provisions are made against advances which are recognised to be bad or doubtful. In addition, general provisions are maintained to cover bad and doubtful debts which may be present at the year end in the portfolio of advances, but which have not been specifically identified.

(v) Deferred Taxation

Provision is made in the financial statements for deferred taxation arising from timing differences between the accounting and taxation treatment of assets on lease, except to the extent that the potential tax liability is not expected to arise in the foreseeable future. The rates of taxation used are those which are expected to apply in the year in which the timing differences are expected ultimately to reverse.

2. ADMINISTRATIVE EXPENSES

Administrative expenses include a management fee payable to the immediate parent undertaking, United Dominions Trust Limited. The basis used to establish the management fee includes an allowance for interest of £3,625,000 (1996 - £3,430,000).

Auditors' remuneration has been borne by the Company's immediate parent undertaking. None of the directors received any emoluments or pension benefits for services to the Company during the year (1996 - £Nil). The Company had no employees (1996 - Nil).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK Corporation Tax @ 31.5% (1996: 33%)

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
Current year:			
Group relief chargeable/(receivable)		2,313	(672)
Deferred taxation	6	(2,576)	810
Prior year:			
Group relief receivable		-	(1)
Deferred taxation		-	1
		<u>(263)</u>	<u>138</u>

4. (a) RECEIVABLE ON LEASED ASSETS

	<u>Gross</u> <u>Investment</u> £'000	<u>Finance</u> <u>Charges</u> £'000	<u>Net</u> <u>Investment</u> £'000
<u>At 31 December 1997</u>			
Due within one year	23,497	3,619	19,878
Due after one year	30,263	2,459	27,804
	<u>53,760</u>	<u>6,078</u>	<u>47,682</u>

	<u>Gross</u> <u>Investment</u> £'000	<u>Finance</u> <u>Charges</u> £'000	<u>Net</u> <u>Investment</u> £'000
<u>At 31 December 1996</u>			
Due within one year	39,208	5,532	33,676
Due after one year	44,877	4,307	40,570
	<u>84,085</u>	<u>9,839</u>	<u>74,246</u>

	<u>1997</u> £'000	<u>1996</u> £'000
(b) Assets purchased in the year for use in finance leases:	20,582	55,871
	<u> </u>	<u> </u>
Lease rentals receivable during the year	40,683	31,881
	<u> </u>	<u> </u>

5. AMOUNTS DUE TO FELLOW SUBSIDIARY UNDERTAKINGS

The amounts due to fellow subsidiary undertakings of £4,484,000 (1996 - £191,000) consists entirely of group relief.

6. DEFERRED TAXATION

	<u>1997</u> £'000
At 1 January 1997	4,420
Charged to profit and loss account: - current year	(2,576)
	<u> </u>
At 31 December 1997	1,844
	<u> </u>

The provision for deferred taxation which relates entirely to timing differences arising in respect of accelerated capital allowances, represents the full potential liability.

7. CALLED UP SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

8. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Lloyds UDT Limited which is registered in England and Wales. The consolidated accounts of Lloyds UDT Limited are available from the Secretary, Lloyds UDT Limited, 51 Holdenhurst Road, Bournemouth, BH8 8EP.

The Company's ultimate parent undertaking is Lloyds TSB Group plc which is registered in Scotland. The consolidated accounts of Lloyds TSB Group plc are available from the Secretary, Lloyds TSB Group plc, 71 Lombard Street, London, EC3P 3BS.

Under FRS 8 the Company is exempt from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary of Lloyds UDT Limited.