

136 7545

LLOYDS COMMERCIAL LEASING LIMITED

30 September 1997



LLOYDS COMMERCIAL 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

N S Black

AUDITORS

Price Waterhouse

REGISTERED OFFICE

71 Lombard Street  
London EC3P 3BS

REGISTERED NUMBER

1367545

# LLOYDS COMMERCIAL 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 incurred expenditure on leased assets totalling £54,826,000 and at the end of the year the cost of leased assets owned amounted to £178,912,000.

### RESULTS

The profit after taxation for the year ended 30 September 1997 amounted to £2,111,000 as set out in the profit and loss account on page 5.

An interim dividend of £2,100,000 will be paid in December 1997.

### DIRECTORS

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

All the directors are also directors of Lloyds Leasing Limited, the immediate parent company, 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.

### 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 1985, is 2. This bears the same proportion to the number of days in the year as the aggregate of the amounts owed to trade creditors at 30 September 1997 bears to the aggregate of the amounts invoiced by suppliers during the year.

On behalf of the board



N S Black  
Secretary

1 December 1997

## AUDITORS' REPORT TO THE MEMBER OF LLOYDS COMMERCIAL 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.

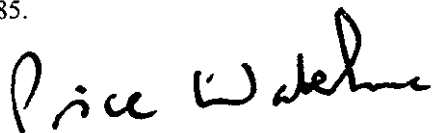
### Basis of opinion

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 30 September 1997 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

1 December 1997

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 company. In addition advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Lloyds TSB Group plc or other group or associated undertakings as the consolidated accounts of Lloyds TSB Group plc in which the company is included are publicly available.

(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. Income arising during the secondary lease period is recognised when due.

(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) 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.

LLOYDS COMMERCIAL LEASING LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1997

	Note	1997 £000	1996 £000
TURNOVER	1	6,753	7,800
AMORTISATION OF LEASED ASSETS		1,185	2,525
		<hr/> 5,568	<hr/> 5,275
INTEREST EXPENSE	2	4,430	3,988
		<hr/> 1,138	<hr/> 1,287
OPERATING EXPENSES			
Administrative expenses		-	6
Management fee payable to parent company		46	55
		<hr/> 46	<hr/> 61
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,092	1,226
TAXATION (CREDIT) CHARGE	4	(1,019)	405
		<hr/> 2,111	<hr/> 821
PROFIT AFTER TAXATION			

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

LLOYDS COMMERCIAL LEASING LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES  
for the year ended 30 September 1997

	1997 £000	1996 £000
PROFIT FOR THE YEAR AFTER TAXATION	2,111	821
DIVIDEND	2,100	800
	<hr/>	<hr/>
NET INCREASE IN CAPITAL AND RESERVES	11	21
CAPITAL AND RESERVES AT BEGINNING OF YEAR	142	121
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	153	142
	<hr/>	<hr/>

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

LLOYDS COMMERCIAL LEASING LIMITED

BALANCE SHEET  
at 30 September 1997

	Note	1997 £000	1996 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		1,251	-
after more than one year		99,476	49,396
		<hr/>	<hr/>
	5	100,727	49,396
Amounts owed by group companies	6	12,288	7,392
		<hr/>	<hr/>
		113,015	56,788
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	53	42
		<hr/>	<hr/>
		153	142
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	9	21,405	12,375
CREDITORS			
Amounts owed to group companies	10	91,013	43,906
Other creditors		444	365
		<hr/>	<hr/>
		91,457	44,271
		<hr/>	<hr/>
		113,015	56,788
		<hr/>	<hr/>



A E Moore - Chairman



P B Miles - Managing Director

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



# LLOYDS COMMERCIAL LEASING LIMITED

## NOTES TO THE ACCOUNTS

### 1 TURNOVER

Turnover represents gross rentals receivable in the year.

### 2 INTEREST EXPENSE

	1997 £000	1996 £000
Interest expense comprises:		
Interest payable to other group companies on bank loans and overdrafts	4,431	3,988
Less: Interest receivable from others	(1)	-
	<u>4,430</u>	<u>3,988</u>

### 3 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 (1996: £3,000 for one director). There were no other directors' emoluments paid in respect of services to the company.

### 4 TAXATION (CREDIT) CHARGE

	1997 £000	1996 £000
Group relief receivable - current year	(10,059)	(4,605)
Group relief payable - prior year	10	-
Deferred taxation	9,030	5,010
	<u>(1,019)</u>	<u>405</u>

The taxation charge on the profit for the year has been based on a rate of 33% (1996: 33%) being the rate at which group relief is receivable.

The movement in the deferred tax balance includes a one off credit amounting to £750,000, as a consequence of the reduction in the rate of corporation tax from 33% to 31%. A corresponding adjustment has been made to the charge for amortisation and the net book value of finance lease receivables to reflect the net reduction in future rentals.

# LLOYDS COMMERCIAL LEASING LIMITED

## NOTES TO THE ACCOUNTS

### 5 FINANCE LEASE RECEIVABLES

	1997 £000	1996 £000
Future rentals	184,587	75,157
Less:		
Rentals received in advance	(8,139)	(5,788)
Income allocated to future periods	(75,721)	(19,973)
	<u>100,727</u>	<u>49,396</u>

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

Accumulated amortisation	70,104	85,996
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### 6 AMOUNTS OWED BY GROUP COMPANIES

	1997 £000	1996 £000
Current account	2,220	2,758
Group relief receivable	10,068	4,634
	<u>12,288</u>	<u>7,392</u>

### 7 CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	<u>100</u>	<u>100</u>

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the company is a member. Lloyds Bank Plc is the parent company of the smallest such group of companies. 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.

### 8 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 1996	42
Retained profit for the year	<u>11</u>
At 30 September 1997	<u>53</u>

# LLOYDS COMMERCIAL LEASING LIMITED

## NOTES TO THE ACCOUNTS

### 9 DEFERRED TAXATION

	£000
At 1 October 1996	12,375
Charge for the year	9,030
	<hr/>
At 30 September 1997	21,405
	<hr/>

The balances at 30 September 1997 and 1 October 1996 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.

### 10 AMOUNTS OWED TO GROUP COMPANIES

	1997 £000	1996 £000
Bank borrowings	88,604	43,097
Sum due to fellow group subsidiary companies	290	-
Interest payable	19	9
Interim dividend	2,100	800
	<hr/>	<hr/>
	91,013	43,906
	<hr/>	<hr/>

### 11 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 £000	1996 £000
Underlying principal amount	88,536	42,340
Replacement cost	3,971	962

### 12 DATE OF APPROVAL

The directors approved the accounts on 1 December 1997.