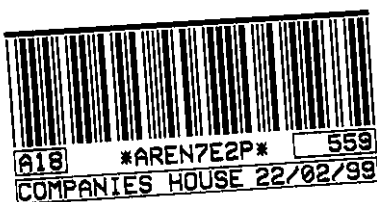


BOWMAKER CREDIT LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 1998

Registered number 1400500



BOWMAKER CREDIT LIMITED

DIRECTORS

P. F. Hook
M. P. Kilbee

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st July 1998, together with the Profit and Loss Account for the year ended on that date.

PROFIT AND DIVIDEND

The profit for the year is set out in the attached Profit and Loss Account. The directors propose payment of a dividend of £445,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

The directors anticipate that the level of business will continue to run down. The year end financial position was satisfactory.

DIRECTORS

Mr P. F. Hook was a director throughout the year. Mr D. A. Baggaley retired as a director on 6th March 1998 and Mr M. P. Kilbee was appointed on that date.

Neither of the directors had a beneficial interest in the shares of the company during the year. The interests of the directors in shares and options to subscribe for shares in other group companies were as follows:-

| | <u>At 31.7.98</u> | | <u>Options</u> | <u>At 1.8.97</u> | |
|-----------------|-------------------|----------------|--------------------|-------------------------------|----------------|
| | <u>Shares</u> | <u>Options</u> | <u>granted</u> | <u>or date of appointment</u> | |
| | | | <u>during year</u> | <u>Shares</u> | <u>Options</u> |
| In the ordinary | | | | | |
| shares of 25p | | | | | |
| each of Lloyds | | | | | |
| TSB Group plc: | | | | | |
| P.F. Hook | 3,145 | 34,146 | 20,000 | - | 14,146 |
| M. P. Kilbee | 32,271 | 12,146 | - | 33,187 | 12,146 |

YEAR 2000

The company is a member of the Lloyds UDT group of companies and, because it utilises common information systems, is subject to the same risks and uncertainties surrounding the Year 2000 issue as its immediate parent company, Lloyds UDT Limited. The directors of Lloyds UDT Limited have undertaken a detailed review and testing programme to evaluate its, and therefore the company's, ability to process transactions with dates beyond 31st December 1999. This review programme also encompasses the impact of the Year 2000 problem on the Lloyds UDT Limited's relations with certain key customers and suppliers, where the relationship may have a material impact on the company's operations or financial statements. The results of this review, as well as disclosure of the costs associated with the Year 2000 issue and their accounting treatment, will be provided in the Lloyds UDT Limited consolidated financial statements for the year ended 31st December 1998. These costs are not borne directly by the company.

AUDITORS

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1st July 1998 and the directors appointed the new firm, PricewaterhouseCoopers, on 25th September 1998.

By Order of the Board,

M. P. KILBEE
Secretary
Bournemouth
11th February 1999

BOWMAKER CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF BOWMAKER CREDIT LIMITED

We have audited the accounts on pages 3 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the accounts as described above. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company as at 31st July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditors
Albany House
58 Albany Street
Edinburgh EH1 3QR
11th February 1999

BOWMAKER CREDIT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1998

| | <u>Notes</u> | <u>1998</u> £ | <u>1997</u> £ |
|--|--------------|------------------|------------------|
| TURNOVER | 2 | 1,865,708 | 3,153,127 |
| OTHER OPERATING CHARGES | | (18,995) | (7,179) |
| INTEREST PAYABLE | 4 | (1,378,589) | (2,212,247) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | 468,124 | 933,701 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 5 | (28,233) | 40,408 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 439,891 | 974,109 |
| PROPOSED DIVIDEND | | (445,000) | (970,000) |
| | | (5,109) | 4,109 |
| RETAINED PROFIT BROUGHT FORWARD | | 8,001 | 3,892 |
| | | 2,892 | 8,001 |

There are no recognised gains and losses other than the profit for the year and all operations are continuing.

The notes on pages 5 to 7
form part of these accounts.

BOWMAKER CREDIT LIMITED

BALANCE SHEET

AT 31ST JULY 1998

| | <u>Notes</u> | <u>1998</u> £ | <u>1997</u> £ |
|--|--------------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors: due within one year | 6 | 12,002,202 | 15,378,496 |
| due after more than one year | 6 | 9,648,458 | 20,893,812 |
| | | <hr/> | <hr/> |
| | | 21,650,660 | 36,272,308 |
| CREDITORS: amounts falling due within one year | 7 | (16,382,039) | (28,221,436) |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 5,268,621 | 8,050,872 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 8 | (4,130,000) | (5,086,000) |
| ACCRUALS AND DEFERRED INCOME | 9 | (1,135,629) | (2,956,771) |
| | | <hr/> | <hr/> |
| NET ASSETS | | <u>2,992</u> | <u>8,101</u> |
| CAPITAL AND RESERVES | | | |
| CALLED-UP SHARE CAPITAL | 10 | 100 | 100 |
| PROFIT AND LOSS ACCOUNT | | 2,892 | 8,001 |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS | | <u>2,992</u> | <u>8,101</u> |

The notes on pages 5 to 7
form part of these accounts.



M. P. KILBEE
Director

BOWMAKER CREDIT LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention:

The accounts are prepared under the historical cost convention 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 Financial Reporting Standard 1 is included in the accounts of the ultimate holding company, Lloyds TSB Group plc.

The company is exempted from reporting intra-group related party transactions in accordance with Financial Reporting Standard 8 because it is wholly owned by Lloyds UDT Limited

(b) Deferred Income:

Income from leasing contracts is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

(c) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements.

During the year aggregate receivables were £13,479,893 (1997, £16,290,688) and the cost of assets acquired during the year was £Nil (1997, £9,708).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following have been taken into account in arriving at the profit:

| | <u>1998</u> £ | <u>1997</u> £ |
|-----------------------|------------------|------------------|
| Audit fee | 3,000 | 3,000 |
| Directors' emoluments | - | - |

4. INTEREST PAYABLE

| | | |
|-------------------------------|------------------|------------------|
| On loans from group companies | <u>1,378,589</u> | <u>2,212,247</u> |
|-------------------------------|------------------|------------------|

BOWMAKER CREDIT LIMITED

NOTES TO THE ACCOUNTS

| 5. TAXATION | <u>1998</u> £ | <u>1997</u> £ |
|---|------------------|------------------|
| Current year: | | |
| Corporation tax payable at 31% (1997: 32.33%) | 980,635 | 953,592 |
| Transfer from deferred taxation | (952,590) | (994,000) |
| | <hr/> | <hr/> |
| | 28,045 | (40,408) |
| Prior year adjustments: | | |
| Corporation tax | (48,453) | - |
| Group relief | 52,051 | - |
| Deferred taxation | (3,410) | - |
| | <hr/> | <hr/> |
| | 28,235 | (40,408) |
| | <hr/> | <hr/> |

The benefit of £117000 in the current year tax charge arises from the reduction in the rate at which deferred taxation is provided.

| | <u>1998</u> | | <u>1997</u> | |
|---|-----------------------------|---|-----------------------------|---|
| 6. DEBTORS | Due within one year £ | Due after more than one year £ | Due within one year £ | Due after more than one year £ |
| Trade debtors: | | | | |
| Rentals receivable under leasing contracts, less provisions | 11,997,348 | 9,648,458 | 15,341,134 | 20,893,812 |
| Amounts owed by group companies | - | - | 12,558 | - |
| Other debtors | 4,854 | - | 24,804 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 12,002,202 | 9,648,458 | 15,378,496 | 20,893,812 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

| 7. CREDITORS: amounts falling due within one year | <u>1998</u> £ | <u>1997</u> £ |
|--|------------------|------------------|
| Amounts owed to group companies | 14,542,335 | 25,806,518 |
| Trade creditors | 6,545 | 51,465 |
| Dividend payable | 445,000 | 970,000 |
| Corporation tax | 980,635 | 953,592 |
| Group relief payable | 52,051 | - |
| Other creditors | 355,473 | 439,861 |
| | <hr/> | <hr/> |
| | 16,382,039 | 28,221,436 |
| | <hr/> | <hr/> |

BOWMAKER CREDIT LIMITED

NOTES TO THE ACCOUNTS

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

| | |
|-------------------------------------|------------------|
| Balance at 31st July 1997 | 5,086,000 |
| Transfer to profit and loss account | (956,000) |
| | <hr/> |
| Balance at 31st July 1998 | <u>4,130,000</u> |

The amounts provided at 31st July 1998 and 1997 were the full potential liabilities and were attributable to accelerated capital allowances.

9. ACCRUALS AND DEFERRED INCOME

| | <u>1998</u> | <u>1997</u> |
|-------------------------|------------------|------------------|
| | £ | £ |
| Unearned leasing income | <u>1,135,629</u> | <u>2,956,771</u> |

10. SHARE CAPITAL

Authorised, allotted, called-up and
fully paid
100 Ordinary shares of £1 each

| | |
|------------|------------|
| <u>100</u> | <u>100</u> |
|------------|------------|

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 11th February 1999.

12. PARENT COMPANIES

The company's ultimate parent company is Lloyds TSB Group Plc. A copy of its group accounts can be obtained from Lloyds TSB Group Plc, 71 Lombard Street, London EC3P 3BS

The company's intermediate parent company is Lloyds UDT Limited. A copy of its group accounts can be obtained from Lloyds UDT Limited, 51 Holdenhurst Road, Bournemouth BH8 8EP.