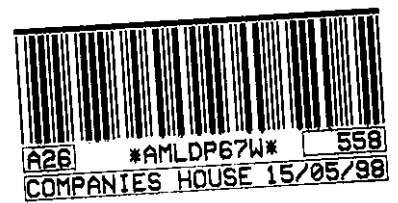


BOWMAKER CREDIT LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS  
FOR THE YEAR ENDED 31ST JULY 1997



Registered number 1400500

BOWMAKER CREDIT LIMITED

DIRECTORS

D. A. Baggaley  
P. F. Hook

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st July 1997, 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 £970,000 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

The directors listed above were directors 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.

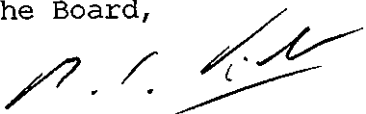
Neither of the directors had a beneficial interest in the shares of the company during the year. The interests of the directors in shares and options to subscribe for shares in other group companies were as follows:-

	<u>At 31.7.97</u>		<u>Options exercised during year</u>	<u>Options granted during year</u>	<u>At 1.8.96</u>	
	<u>Shares</u>	<u>Options</u>			<u>Shares</u>	<u>Options</u>
In the ordinary shares of 25p each of Lloyds TSB Group plc:						
D.A. Baggaley	1,798	4,146	-	4,146	-	-
P.F. Hook	3,145	14,146	-	14,146	-	-

In the ordinary shares of 5p each of Lloyds TSB Financial Services Holding plc:						
D. A. Baggaley	-	-	72,384	-	7,827	72,384
P. F. Hook	-	-	37,245	-	-	37,245

As a consequence of the scheme of arrangements, by which Lloyds TSB Financial Services Holdings plc (formerly Lloyds Abbey Life plc) became a wholly-owned subsidiary of Lloyds TSB Group plc, the options became exercisable for a six month period commencing on 11 December, 1996. On exercise, option holders receive for every 7 Lloyds Abbey Life shares under option, 6 new Lloyds TSB Group shares and 2100p in cash, with an option to elect to receive a partial cash or loan note alternative. Optionholders in the savings-related share option scheme were also able, during the six month period commencing 11 December, 1996, to cancel their options in Lloyds Abbey Life in return for the grant of new options in Lloyds TSB Group on the basis of 1.624 Lloyds TSB Group shares for every Lloyds Abbey Life share under option.

By Order of the Board,



M. P. KILBEE  
Secretary  
Bournemouth  
24th March 1998

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 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors  
Albany House  
58 Albany Street  
Edinburgh EH1 3QR  
24th March 1998

BOWMAKER CREDIT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	3,153,127	4,752,532
OTHER OPERATING CHARGES		(7,179)	(63,944)
INTEREST PAYABLE	4	(2,212,247)	(3,378,608)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	933,701	1,309,980
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	40,408	(432,115)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		974,109	877,865
PROPOSED DIVIDEND		(970,000)	(875,000)
		4,109	2,865
RETAINED PROFIT BROUGHT FORWARD		3,892	1,027
		8,001	3,892

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

The notes on pages 6 to 8  
form part of these accounts.

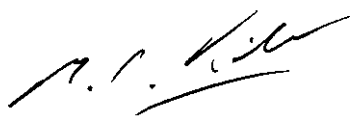
BOWMAKER CREDIT LIMITED

BALANCE SHEET

AT 31ST JULY 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
CURRENT ASSETS			
Debtors: due within one year	6	15,378,496	17,910,468
due after more than one year	6	20,893,812	35,720,243
		<hr/>	<hr/>
		36,272,308	53,630,711
CREDITORS: amounts falling due within one year	7	(28,221,436)	(41,457,347)
		<hr/>	<hr/>
NET CURRENT ASSETS		8,050,872	12,173,364
PROVISIONS FOR LIABILITIES AND CHARGES	8	(5,086,000)	(6,080,000)
ACCRUALS AND DEFERRED INCOME	9	(2,956,771)	(6,089,372)
		<hr/>	<hr/>
NET ASSETS		<u>8,101</u>	<u>3,992</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		8,001	3,892
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		<u>8,101</u>	<u>3,992</u>

The notes on pages 6 to 8  
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 £16,290,688 (1996, £16,046,945) and the cost of assets acquired during the year was £9,708 (1996, £58,758).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1997</u> £	<u>1996</u> £
Audit fee	3,000	2,000
Directors' emoluments	-	-

4. INTEREST PAYABLE

On loans from group companies	<u>2,212,247</u>	<u>3,378,608</u>
-------------------------------	------------------	------------------

BOWMAKER CREDIT LIMITED

NOTES TO THE ACCOUNTS

5. TAXATION	<u>1997</u> £	<u>1996</u> £
Current year:		
Corporation tax payable at 32.33%	953,592	-
Group relief receivable at 33%	-	(220,885)
Transfer (from) to deferred taxation	(994,000)	653,000
	<u>(40,408)</u>	<u>432,115</u>

The benefit of £342,000 in the current year tax charge arises from the change in the rate at which deferred taxation is provided to 31%.

	<u>1997</u>		<u>1996</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	15,341,134	20,893,812	17,636,789	35,720,243
Group relief receivable	-	-	220,885	-
Amounts owed by group companies	12,558	-	47,940	-
Other debtors	24,804	-	4,854	-
	<u>15,378,496</u>	<u>20,893,812</u>	<u>17,910,468</u>	<u>35,720,243</u>

7. CREDITORS: amounts falling due within one year	<u>1997</u> £	<u>1996</u> £
Amounts owed to group companies	25,806,518	40,101,565
Trade creditors	51,465	25,674
Dividend payable	970,000	875,000
Corporation tax	953,592	-
Other creditors	439,861	455,108
	<u>28,221,436</u>	<u>41,457,347</u>



BOWMAKER CREDIT LIMITED

NOTES TO THE ACCOUNTS

8. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred Taxation	
Balance at 31st July 1996	6,080,000
Transfer to profit and loss account	(994,000)
	<hr/>
Balance at 31st July 1997	<u>5,086,000</u>

The amounts provided at 31st July 1997 and 1996 were the full potential liabilities and were attributable to accelerated capital allowances.

9. ACCRUALS AND DEFERRED INCOME

	<u>1997</u>	<u>1996</u>
	£	£
Unearned leasing income	<u>2,956,771</u>	<u>6,089,372</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 24th March 1998.

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.