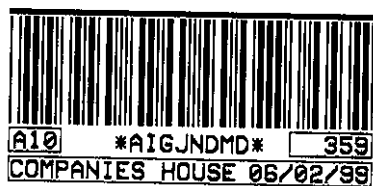


EVANSVILLE LIMITED
REGISTERED NUMBER 1598402
DIRECTORS' REPORT AND ACCOUNTS
31 MAY 1998



EVANSVILLE LIMITED

Report of the Directors

The directors present their report and accounts for the year ended 31 May 1998.

Principal Activity

The main activity of the company is the leasing of vehicles, plant and equipment.

The directors consider that the results for the year are satisfactory and anticipate that the present level of activity will be sustained for the foreseeable future.

Results

The results for the year show a profit after taxation of £39,000 (1997: £108,000). The directors do not recommend the payment of a dividend (1997: £nil).

Directors

The names of the persons who were directors throughout the year, unless otherwise stated, are as shown below:

A C Dempster
C Cameron
G C Smith (Appointed 2nd June 1997)

Particulars of their interests in shares in the Group are detailed in note 8 to the accounts.

Mr A C Dempster resigned from the Board with effect from 30th June 1998 and Mr J A Spence was appointed to the Board with effect from 1st July 1998.

Policy and practice on payment of creditors

As the company owed no amounts to trade creditors at 31 May 1998, the number of days required 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 nil.

Year 2000

The company recognises the far-reaching implications of the Year 2000 problem. The principal risk faced by the company is a failure to maintain electronically based services to its customers. Lloyds TSB Group plc, of which the company is a subsidiary, has undertaken a review of computerised systems throughout the group, to identify any alterations needed to deal with problems arising from the failure to recognise dates before, on or after 1 January, 2000. A significant proportion of the necessary changes have now been made and there are plans to ensure that customer service will be maintained at all times. In that regard, comprehensive testing will continue throughout 1999.

EVANSVILLE LIMITED

Year 2000 (continued)

The group is liaising with its customers, suppliers and others to assess and minimise the impact on the group should they fail to deal adequately with this issue.

All costs relating to the company's Year 2000 preparations are being borne by Lloyds TSB Group plc and have been disclosed in that company's accounts.

Auditors

Price Waterhouse were re-appointed as auditors during the year. Price Waterhouse merged with Coopers & Lybrand as of 1st July 1998 and the new firm, PricewaterhouseCoopers, were appointed as auditors on 16th September 1998.

By order of the board.



J W Fraser
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF EVANSVILLE LIMITED

We have audited the financial statements on pages 5 to 12.

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 as at the end of the year and of the profit or loss of the company for that year. 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; and
- 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 that the company keeps accounting records which disclose with reasonable accuracy at any time 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.

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 financial statements 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 financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of opinion

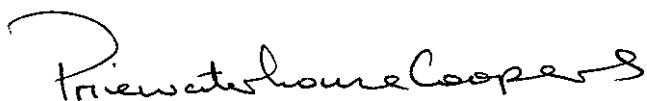
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF EVANSVILLE LIMITED (Continued)

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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Albany House
58 Albany Street
Edinburgh EH1 3QR

5 February 1999

EVANSVILLE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MAY 1998**

		1998 £000	1997 £000
	Note		
Turnover	1 (b)	702	609
Interest Payable	2	(504)	(431)
		<hr/>	<hr/>
Gross Profit		198	178
Other Operating Costs		(111)	(67)
		<hr/>	<hr/>
Profit before taxation	2	87	111
Taxation charge for year	3	(48)	(3)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		39	108
Profit brought forward		385	277
		<hr/>	<hr/>
Profit carried forward		<u>424</u>	<u>385</u>
<u>Reconciliation of movement in Shareholders' Funds</u>			
Shareholders' funds brought forward		385	277
Retained profit for year		39	108
		<hr/>	<hr/>
Shareholders' funds carried forward		<u>424</u>	<u>385</u>

There are no recognised gains or losses other than those reported above.
There are no discontinued operations.

The notes on pages 7 to 12 form part of these accounts.

EVANSVILLE LIMITED

BALANCE SHEET - 31 MAY 1998

		1998 £000	1997 £000
	Note		
DEBTORS: amounts receivable after more than one year	4	6,867	6,607
DEBTORS: amounts receivable within one year	4	<u>3,556</u>	<u>3,599</u>
		10,423	10,206
CREDITORS: amounts falling due within one year	5	(9,578)	(9,241)
		<hr/>	<hr/>
NET CURRENT ASSETS		845	965
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	6	(421)	(580)
		<hr/>	<hr/>
NET ASSETS		<u>424</u>	<u>385</u>
CAPITAL AND RESERVES			
Called-up share capital	7	-	-
Profit and loss account		424	385
		<hr/>	<hr/>
Shareholders' Funds		<u>424</u>	<u>385</u>

Approved by the Board at its meeting held on 28/1/99

C Cameron

C Cameron
Director

The notes on pages 7 to 12 form part of these accounts.

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

1. Accounting Policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover during the period represents net rentals receivable, being the gross rentals receivable less the capital element.

(c) Income recognition

Income from leases is credited to the profit and loss account in proportion to the net cash invested using the investment period method.

(d) Finance lease receivables

Finance lease receivables are included in the balance sheet at the amount of the net investment in the lease, which is defined as total future rentals receivable less finance charges allocated to future periods.

(e) 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.

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

2. Profit Before Taxation

Profit before taxation is stated after deducting the following:

	1998 £000	1997 £000
Directors' emoluments	-	-
Auditors' remuneration	-	-
Interest payable on loans from fellow subsidiary companies	504	431
Bad and doubtful debts	46	22

Auditors' remuneration has been borne by a group company.

There were no employees (1997: Nil).

3. Taxation

The charge for taxation is based on the results for the year using a UK corporation tax rate of 31% (1997: 33%).

	1998 £000	1997 £000
Current Year:		
Group relief (payable) / receivable	(206)	171
Deferred taxation	159	(199)
	<u>(47)</u>	<u>(28)</u>
Prior Year:		
Group relief payable	(1)	-
Deferred taxation	-	25
	<u>(1)</u>	<u>25</u>
Taxation charge	<u><u>(48)</u></u>	<u><u>(3)</u></u>

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

4. Debtors

	1998 £000	1997 £000
Amounts falling due within one year:		
Rentals receivable on leased assets	3,186	2,940
Other debtors	370	503
Group relief receivable	-	156
	<u>3,556</u>	<u>3,599</u>

Amounts falling due after more than one year:

Rentals receivable on leased assets	<u>6,867</u>	<u>6,607</u>
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The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £3,092,000 (1997: £4,307,000).

The value of finance lease rentals receivable in the year amounted to £2,957,000 (1997: £2,101,000).

5. Creditors

	1998 £000	1997 £000
Amounts falling due within one year:		
Accruals and deferred income	549	465
Amounts due to immediate holding company	8,534	8,053
Other creditors	294	723
Group relief payable	201	-
	<u>9,578</u>	<u>9,241</u>

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

6. Deferred Taxation

Deferred taxation is calculated at 31% (1997:33%) and is in respect of accelerated capital allowances.

The movement in the deferred tax provision was as follows:

	£000
At 1 June 1997	580
Profit and loss account - Current Year	(159)
	<hr/>
At 31 May 1998	<u>421</u>

7. Called Up Share Capital

	<u>1998</u>		<u>1997</u>	
	<u>Authorised</u>	Allotted Called-up and <u>fully paid</u>	<u>Authorised</u>	Allotted Called-up and <u>fully paid</u>
	£	£	£	£
Equity share capital:				
Ordinary shares				
of 25p each -				
non-voting	950	50	950	50
Non-equity share capital:				
6% Preference shares of				
25p each - voting	50	50	50	50
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

The irredeemable preference shares carry a dividend of 6% per annum, payable half yearly on 20 May and 20 November. The dividend rights are non-cumulative. On a return of assets, whether in a winding up or otherwise, there is a right to a return of capital paid up on the 6% preference shares in priority over the holders of the non-voting ordinary shares, but no further right to participate in profits or assets. The preference shares carry the right to receive notice of and to attend and vote in person on a show of hands at every general meeting and the right to one vote per 6% preference share on a poll thereafter.

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

8. Directors' Interests

The interests of those who were directors of the company at 31 May 1998 in the capital of Lloyds TSB Group plc were:

Shares:

	At 31 May 1998	At 1 June 1997 (or at date of appointment if later)
A C Dempster	139,555	143,463
C Cameron	13,255	3,333
G C Smith	12,229	6,683

Options to acquire shares:

	At 1 June 1997 (or at date of appointment if later)	During the year		At 31 May 1998
		Granted	Exercised	
A C Dempster*	62,120	-	4,285	57,835
C Cameron*	12,665	1,728	10,540	3,853
G C Smith*	20,410	3,000	7,410	16,000

The options to purchase shares shown above were granted under the terms of the executive share option and sharesave schemes of the Lloyds TSB Group, and are exercisable in normal circumstances between now and 2007 at prices ranging from 128 pence to 880 pence per share.

None of these directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

*These directors will receive additional Lloyds TSB Group shares on exercising share options held on 28 December 1995. These shares will compensate them for the special dividend of 68.3p per share which was paid to former TSB Group shareholders following the merger with Lloyds Bank but which was not paid to option holders.

EVANSVILLE LIMITED

NOTES TO THE ACCOUNTS - 31 MAY 1998

9. Cash Flow Statement

A cash flow statement is not presented as the company is a wholly owned subsidiary undertaking of Lloyds TSB Group plc, whose accounts include a consolidated cash flow statement dealing with the cash flows of the group.

10. Related Party Disclosures

The company is exempted from reporting intra group related party transactions in accordance with Financial Reporting Standard 8 because it is a wholly owned subsidiary of TSB Bank Scotland plc.

11. Ultimate Parent Company

The company is a subsidiary of TSB Bank Scotland plc, a company whose ultimate parent company is Lloyds TSB Group plc, which is registered in Scotland.

Copies of the accounts of TSB Bank Scotland plc are available from the Secretary, Henry Duncan House, 120 George Street, Edinburgh EH2 4TS.

Copies of the accounts of Lloyds TSB Group plc are available from the Secretary, 71 Lombard Street, London EC3P 3BS.