

Company number 2015506

**IBOS MEADOWHALL INVESTMENTS LIMITED**

**ACCOUNTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 1998**



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

The Directors hereby submit their Report and the accounts for the year ended 30 September 1998.

**Directors' accounting responsibilities**

The Directors are required by the Companies Act 1985 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 for the year. The Directors consider that in preparing these financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Accounting Standards which they consider applicable have been followed.

The Directors have responsibility for ensuring that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Results** £000

The accounts of the company show a profit for the financial year of 379

A dividend is proposed of 380  
(1)

The balance brought forward at 1 October 1997 was 5  
Leaving a balance to be carried forward of 4

**Activities of the company**

The principal activity of the company is investment in property leases. The company has conducted its activities throughout the year in a satisfactory manner.

No significant change in the company's activities is foreseen at the present time.

**Year 2000**

The company uses the services of CAPITAL BANK plc, its immediate parent undertaking, which has a project designed to ensure that the universal problem of the date change to the year 2000 in computer systems is resolved without material impact on its operations.

The project is well advanced and the main computer systems, with only a few exceptions, have been converted and compliance tested and are now "Year 2000 compliant". The exceptions, together with any remaining non-critical applications and external interface testing with third parties' systems, are scheduled to be completed and tested for "Year 2000 compliance" by the end of the first quarter of 1999.

The cost of the project, which commenced in 1996, is disclosed in the accounts of CAPITAL BANK plc.

REPORT OF THE DIRECTORS (continued)

Directors

The Directors of the company as at 30 September 1998 were:-

J.A. Mercer  
A.J.J. Bochenski  
J.S. Hammond

The interests of Messrs. J.A. Mercer and A.J.J. Bochenski in the companies within the Bank of Scotland Group, and options to subscribe for Bank of Scotland 25p Stock Units granted or exercised during the year, are disclosed in the accounts of CAPITAL BANK plc, the immediate parent undertaking. The interests of Mr J.S. Hammond were as follows:-

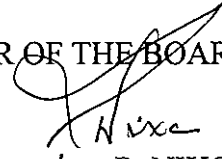
<u>Bank of Scotland Ordinary Stock Units of 25p each</u>				
<u>Beneficially owned</u>				
	<u>At 1 October 1997</u>	<u>At 30 September 1998</u>		
J.S. Hammond	7,899	11,556		
 <u>Executive Stock Options</u>				
	Options held as at <u>1.10.97</u>	Options <u>granted</u>	Options <u>exercised</u>	Options held as at <u>30.9.98</u>
J.S. Hammond	15,500	2,800	-	18,300

Bank of Scotland policy is to make an annual grant of options over the ten year life of the Executive Stock Options Schemes.

<u>Savings Related Stock Options</u>				
	Options held as at <u>1.10.97</u>	Options <u>granted</u>	Options <u>exercised</u>	Options held as at <u>30.9.98</u>
J.S. Hammond	1,269	-	812	457

Full details of the Directors' shareholdings and options are contained in the Register of Directors' Interests which is available for inspection.

The Articles of Association do not provide for the retirement of Directors by rotation.

BY ORDER OF THE BOARD  
  
R. NIXON  
Secretary

Thistle House  
City Road  
Chester  
CH88 3AN

We have audited the attached accounts which have been prepared under the historical cost convention and on the basis of the stated accounting policies.

**Respective responsibilities of directors and auditors**

As described in the directors' report 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.

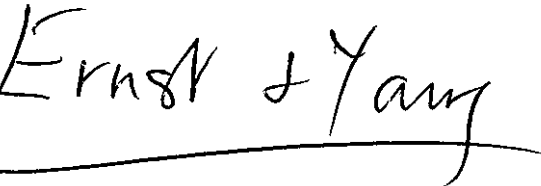
**Basis of opinion**

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 affairs of the company as at 30 September 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**ERNST & YOUNG**  
**Registered Auditor**  
**LIVERPOOL**

11 March 1999

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1998**

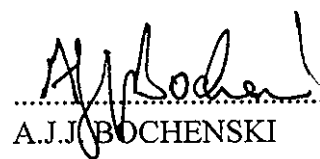
	<u>Notes</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
TURNOVER	2	2,063	2,016
Finance and trading costs		<u>1,597</u>	<u>1,584</u>
GROSS PROFIT		466	432
Administration expenses		<u>3</u>	<u>3</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	463	429
Tax on profit on ordinary activities	4	<u>84</u>	<u>25</u>
PROFIT FOR THE FINANCIAL YEAR		379	404
Proposed dividend		<u>380</u> (1)	<u>400</u> 4
Balance brought forward		<u>5</u>	<u>1</u>
BALANCE CARRIED FORWARD		<u>4</u>	<u>5</u>

There are no recognised gains and losses other than those shown above.

BALANCE SHEET AS AT 30 SEPTEMBER 1998

	<u>Notes</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
CURRENT ASSETS			
Property leases: receivable in more than one year	5	18,209	17,562
CREDITORS: payable within one year	6	<u>(16,404)</u>	<u>(15,705)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,805	1,857
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	<u>(1,801)</u> <u>4</u>	<u>(1,852)</u> <u>5</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account		<u>4</u>	<u>5</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u>4</u>	<u>5</u>

Approved by the Board of Directors on 22 February 1999 and signed on its behalf by

.....DIRECTOR  
A.J.J. BOCHENSKI

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards and with S226 of, and schedule 4 to, the Companies Act 1985.

Income recognition

An amount is computed to give a constant rental on the funds invested in property leases. The excess of the computed amount over rental income receivable in the year is shown as 'rental equalisation'.

Deferred taxation

Deferred taxation is provided on the liability method on those timing differences which are considered likely to reverse in the foreseeable future.

2. TURNOVER

Turnover, all of which arose from activities within the United Kingdom, represents earnings on funds invested in property leases.

The turnover and pre-tax profit are attributable to one continuing activity, investment in property leases.

3. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

	<u>1998</u>	<u>1997</u>
	<u>£000</u>	<u>£000</u>
Profit is stated after crediting:		
Rental income	1,415	1,387
Rental equalisation	<u>648</u>	<u>629</u>
and after charging:		
Intra group interest	1,220	868
Bank interest	376	694
Directors' remuneration	-	-
Auditors' remuneration - audit	3	3
- other	<u>-</u>	<u>-</u>

The company has no employees. It uses the services of its immediate parent undertaking for which no charge is made.

## NOTES ON THE ACCOUNTS (continued)

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
The tax charge based on the profit for the year is made up as follows:		
Transfer from deferred taxation	(51)	(114)
Corporation tax at 31% (1997: 32%)	<u>135</u>	<u>139</u>
	<u>84</u>	<u>25</u>

The charge for the year is reduced by the effect of the lower deferred tax liability resulting from the reduction in the corporation tax rate to 30% with effect from 1 April 1999.

## 5. PROPERTY LEASES

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Receivable in more than one year	<u>18,209</u>	<u>17,562</u>

There was no additional investment in property leases during the year (1997: £nil).

## 6. CREDITORS: payable within one year

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Bank overdraft with Bank of Scotland	-	10,932
Amount owed to immediate parent undertaking	15,817	3,982
VAT	62	61
Corporation tax	135	139
Proposed dividend	380	400
Other creditors	<u>10</u>	<u>191</u>
	<u>16,404</u>	<u>15,705</u>

## 7. DEFERRED TAXATION

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Full provision has been made as follows:		
Rental equalisation	1,855	1,716
Capital allowances on property leases	335	337
Other timing differences	<u>(389)</u>	<u>(201)</u>
	<u>1,801</u>	<u>1,852</u>

## 8. SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
Ordinary shares of £1 each		
Authorised	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	<u>2</u>	<u>2</u>



**NOTES ON THE ACCOUNTS (continued )****9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Shareholders' funds at 1 October	5	1
Profit for the financial year	379	404
Dividend	(380)	(400)
Other recognised gains and losses	-	-
Shareholders' funds at 30 September	<u>4</u>	<u>5</u>

**10. PARENT UNDERTAKINGS**

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is the Governor and Company of the Bank of Scotland, constituted by Act of the Scottish Parliament in 1695, and the parent undertaking of the smallest such group is CAPITAL BANK plc, incorporated in the United Kingdom. As a wholly owned subsidiary undertaking the company is exempt from including a statement of cash flows in its accounts. The Bank of Scotland has included a consolidated statement of cash flows in its consolidated accounts. Copies of Bank of Scotland's accounts can be obtained from The Mound, Edinburgh and copies of CAPITAL BANK plc's accounts can be obtained from Queens Park Road, Handbridge, Chester.

The company is an integral part of the CAPITAL BANK Group's activities and CAPITAL BANK plc has indicated its intention to continue to provide sufficient finance to the company to enable it to continue trading for at least one year from the date of approval of these accounts.

**11. RELATED PARTY TRANSACTIONS**

In accordance with the exemptions afforded by Financial Reporting Standard No.8, there were no reportable transactions with related parties.