

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

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



Registered number 2129340

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

DIRECTORS

D. A. Baggaley
P. F. Hook

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st January 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 declared the payment of a dividend of £625,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

Both the level of business transacted during the year and the trading performance for the year are considered satisfactory. The directors anticipate continuation of the level of activity.

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 31.1.98</u>		<u>Options</u>	<u>At 1.2.97</u>	
	<u>Shares</u>	<u>Options</u>	<u>granted</u>	<u>Shares</u>	<u>Options</u>
			<u>during year</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	-	-

During the year Mr D. A. Baggaley and Mr P. F. Hook exercised 4105 and 3670 options respectively (2,352 and 2,365 options lapsed) in Lloyds Abbey Life plc (now Lloyds TSB Financial Services Holdings plc) under the terms of the scheme of arrangement by which that company became a wholly owned subsidiary of Lloyds TSB Group plc.

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
16th November 1998

LLOYDS BOWMAKER BUSINESS EQUIPMENT 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 LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

We have audited the accounts on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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.

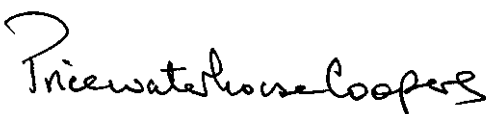
Basis of opinion

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 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's affairs at 31st January 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
16th November 1998

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 1998

	<u>Notes</u>	<u>1998</u> £	(Restated) <u>1997</u> £
TURNOVER	2	5,220,702	628,171
INTEREST PAYABLE	4	(3,483,796)	(203,306)
OTHER OPERATING CHARGES		(1,098,809)	(111,813)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	638,097	313,052
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(12,003)	180,881
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		626,094	493,933
DECLARED DIVIDEND		(625,000)	(490,000)
		<hr/>	<hr/>
		1,094	3,933
RETAINED PROFIT BROUGHT FORWARD		3,933	-
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		<u>5,027</u>	<u>3,933</u>

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 8 form part of these accounts.

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

BALANCE SHEET

AT 31ST JANUARY 1998

	<u>Notes</u>	<u>1998</u> £	(Restated) <u>1997</u> £
FIXED ASSETS			
Operating lease assets	6	9,858,853	3,697,317
CURRENT ASSETS			
Debtors : due within one year	7	28,281,627	33,860,729
due after more than one year	7	51,984,204	46,086,355
		<hr/>	<hr/>
		80,265,831	79,947,084
Creditors: amounts due within one year	8	(74,916,913)	(70,201,654)
		<hr/>	<hr/>
NET CURRENT ASSETS		5,348,918	9,745,430
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,207,771	13,442,747
PROVISIONS FOR LIABILITIES AND CHARGES	9	(5,322,000)	(4,405,000)
ACCRUALS AND DEFERRED INCOME	10	(9,880,644)	(9,033,714)
		<hr/>	<hr/>
		5,127	4,033
		<hr/>	<hr/>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		5,027	3,933
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		5,127	4,033
		<hr/>	<hr/>

The notes on pages 5 to 8
form part of these accounts.



M. P. KILBEE
Director

LLOYDS BOWMAKER BUSINESS EQUIPMENT 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 its 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) Income Recognition - Finance Leases:

Leasing income is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

(c) Depreciation of Operating Lease Assets:

Depreciation of operating lease assets is calculated so as to give a release of net income from these assets to the profit and loss account over the period of investment in the assets in proportion to the level of net funds invested.

(d) 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 and operating leases. Operating lease asset depreciation is included in other operating charges, previously it was offset against turnover. This change in presentation has been reflected in the comparatives for the year ended 31st January 1997 and has the impact of increasing turnover and other operating charges by £29,002.

During the year aggregate receivables were £15,063,127 (1997, £1,056,866) from leasing contracts. The cost of assets acquired during the year under leasing contracts was £29,697,936 (1997, £60,386,242).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1998</u> £	<u>1997</u> £
The following have been taken into account in arriving at the profit:		
Audit fee	5,000	5,000
Directors' emoluments	-	-
Depreciation of operating lease assets	751,094	29,002
4. INTEREST PAYABLE		
On loans from group company	3,483,796	203,306

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

5. TAXATION	<u>1998</u> £	<u>1997</u> £
Current year:		
Group relief receivable at 31.33% (1997: 33%)	(904,997)	(4,585,881)
Transfer to deferred taxation	917,000	4,405,000
	<hr/> 12,003	<hr/> (180,881)

The benefit in the current year tax charge of £188,000 arises as a result of the reduction in the rate at which deferred taxation is provided.

6. OPERATING LEASE ASSETS	£
Cost:	
At 31st January 1997	3,726,319
Additions	6,998,998
Disposals	(100,630)
	<hr/>
At 31st January 1998	10,624,687
	<hr/>
Depreciation:	
At 31st January 1997	29,002
Charge for year	751,094
Disposals	(14,262)
	<hr/>
At 31st January 1998	765,834
	<hr/>
Net book value at 31st January 1998	9,858,853
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Net book value at 31st January 1997	3,697,317
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Operating lease business was previously presented as part of debtors as the amounts involved did not constitute a significant part of the company's activity. Due to the increase in operating lease activity in the current year, the directors have decided that fixed asset presentation is more appropriate and the prior year comparatives have been restated accordingly.

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

7.	DEBTORS	Restated (Note 6)			
		1998		1997	
		Due within	Due after	Due within	Due after
		one year	more than	one year	more than
		<u>one year</u>	<u>one year</u>	<u>one year</u>	<u>one year</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
	Trade debtors:				
	Rentals receivable under				
	leasing contracts, less				
	provisions	20,924,084	51,984,204	17,021,546	46,086,355
	Group relief receivable	904,997	-	4,585,881	-
	Amounts owed by parent and				
	fellow subsidiary				
	companies	6,452,546	-	12,253,302	-
		<u>28,281,627</u>	<u>51,984,204</u>	<u>33,860,729</u>	<u>46,086,355</u>
8.	CREDITORS: amounts falling due			1998	1997
	within one year			<u>£</u>	<u>£</u>
	Amounts owed to parent and fellow				
	subsidiary companies			70,201,615	65,077,960
	Trade creditors			3,837,696	4,595,479
	Other creditors			252,602	38,215
	Dividend payable			625,000	490,000
				<u>74,916,913</u>	<u>70,201,654</u>
9.	PROVISIONS FOR LIABILITIES AND CHARGES				£
	Deferred Tax:				
	Balance at 31st January 1997				4,405,000
	Transferred from Profit and Loss Account				917,000
	Balance at 31st January 1998				<u>5,322,000</u>
	The amounts provided at 31st January 1998 and 1997 are the full				
	potential liabilities and are attributable to accelerated capital				
	allowances.				
10.	ACCRUALS AND DEFERRED INCOME			Restated	
				(Note 6)	
				1998	1997
				<u>£</u>	<u>£</u>
	Unearned leasing income			9,880,265	9,033,387
	Unearned credit insurance commission			379	327
				<u>9,880,644</u>	<u>9,033,714</u>

LLOYDS BOWMAKER BUSINESS EQUIPMENT LIMITED

NOTES TO THE ACCOUNTS

11. SHARE CAPITAL	<u>1998</u> £	<u>1997</u> £
Authorised:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 16th November 1998.

13. 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.