

LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
(formerly Lloyds Bowmaker Business Equipment Limited)

REPORT OF THE DIRECTORS AND ACCOUNTS  
FOR THE YEAR ENDED 31ST JANUARY 1999



Registered number 2129340

LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
(formerly Lloyds Bowmaker Business Equipment Limited)

DIRECTORS

J. M. Bury  
P. F. Hook  
M. P. Kilbee

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st January 1999 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 £730,000 for the year.

CHANGE OF NAME

The company changed its name on 1st July 1999 from Lloyds Bowmaker Business Equipment Limited to Lloyds UDT Business Equipment Limited.

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

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. Mr J. M. Bury was appointed on 12th April 1999.

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 31.1.99</u>		<u>Options</u>	<u>At 1.2.98</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	3,175	34,146	20,000	3,145	14,146
M. P. Kilbee	32,271	12,146	-	33,187	12,146

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.

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 UDT Finance Limited, 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 1st 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 has continued throughout 1999.

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 UDT Finance Limited and have been disclosed in that company's accounts.

By Order of the Board,

J. M. BURY  
Director

2nd November 1999

LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
(formerly 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 UDT BUSINESS EQUIPMENT LIMITED  
(formerly Lloyds Bowmaker Business Equipment Limited)

We have audited the accounts on pages 3 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing 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 our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

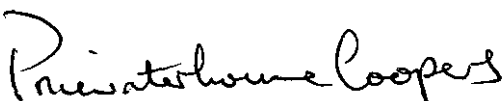
Basis of audit opinion

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 1999 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  
2nd November 1999

LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
(formerly Lloyds Bowmaker Business Equipment Limited)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
TURNOVER	2	7,543,836	5,220,702
INTEREST PAYABLE	4	(4,265,479)	(3,483,796)
OTHER OPERATING CHARGES		(2,251,304)	(1,098,809)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,027,053	638,097
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(293,882)	(12,003)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		733,171	626,094
DECLARED DIVIDEND		(730,000)	(625,000)
		<hr/>	<hr/>
		3,171	1,094
RETAINED PROFIT BROUGHT FORWARD		5,027	3,933
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		<u>8,198</u>	<u>5,027</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 UDT BUSINESS EQUIPMENT LIMITED  
(formerly Lloyds Bowmaker Business Equipment Limited)

BALANCE SHEET

AT 31ST JANUARY 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
FIXED ASSETS			
Operating lease assets	6	11,144,520	9,858,853
CURRENT ASSETS			
Debtors : due within one year	7	23,725,847	28,281,627
due after more than one year	7	43,275,144	51,984,204
		67,000,991	80,265,831
Creditors: amounts due within one year	8	(64,491,996)	(74,916,913)
NET CURRENT ASSETS		2,508,995	5,348,918
TOTAL ASSETS LESS CURRENT LIABILITIES		13,653,515	15,207,771
PROVISIONS FOR LIABILITIES AND CHARGES	9	(6,105,000)	(5,322,000)
ACCRUALS AND DEFERRED INCOME	10	(7,540,217)	(9,880,644)
NET ASSETS		8,298	5,127
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	100	100
PROFIT AND LOSS ACCOUNT		8,198	5,027
SHAREHOLDERS' FUNDS		8,298	5,127

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

  
J. M. BURY  
Director

LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
(formerly 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 exempt 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 exempt from reporting intra-group related party transactions in accordance with Financial Reporting Standard 8 because it is wholly owned by Lloyds UDT Finance 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.

During the year aggregate receivables were £21,422,853 (1998, £15,063,127) from leasing contracts. The cost of assets acquired during the year under leasing contracts was £16,407,509 (1998, £29,697,936).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1999</u> £	<u>1998</u> £
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The following have been taken into account in arriving at the profit:

Audit fee	5,000	5,000
	<u>          </u>	<u>          </u>
Directors' emoluments	-	-
	<u>          </u>	<u>          </u>
Depreciation of operating lease assets	1,842,746	751,094
	<u>          </u>	<u>          </u>
Bad and doubtful debts	109,563	12,460
	<u>          </u>	<u>          </u>

4. INTEREST PAYABLE

On loans from group company	<u>4,265,479</u>	<u>3,483,796</u>
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LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
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NOTES TO THE ACCOUNTS

5. TAXATION	<u>1999</u> £	<u>1998</u> £
Current year:		
Group relief receivable at 31% (1998: 31.33%)	(489,118)	(904,997)
Transfer to deferred taxation	783,000	917,000
	<hr/>	<hr/>
	293,882	12,003
	<hr/>	<hr/>

The benefit in the current year tax charge of £25,000 arises as a result of the reduction in the rate at which deferred taxation is provided.

6. OPERATING LEASE ASSETS	£
Cost:	
At 31st January 1998	10,624,687
Additions	4,102,906
Disposals	(1,240,770)
	<hr/>
At 31st January 1999	13,486,823
	<hr/>
Depreciation:	
At 31st January 1998	765,834
Charge for year	1,842,746
Disposals	(266,277)
	<hr/>
At 31st January 1999	2,342,303
	<hr/>
Net book value at 31st January 1999	11,144,520
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Net book value at 31st January 1998	9,858,853
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LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
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NOTES TO THE ACCOUNTS

7. DEBTORS

	<u>1999</u>		<u>1998</u>	
	Due within	Due after	Due within	Due after
	<u>one year</u>	<u>more than</u>	<u>one year</u>	<u>more than</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors:				
Rentals receivable under				
leasing contracts, less				
provisions	21,891,526	43,275,144	20,924,084	51,984,204
Group relief receivable	489,118	-	904,997	-
Sundry debtors	1,345,203	-		
Amounts owed by parent and				
fellow subsidiary				
companies	-	-	6,452,546	-
	<u>23,725,847</u>	<u>43,275,144</u>	<u>28,281,627</u>	<u>51,984,204</u>

8. CREDITORS: amounts falling due	<u>1999</u>	<u>1998</u>
within one year	<u>£</u>	<u>£</u>
Amounts owed to parent and fellow		
subsidiary companies	61,968,602	70,201,615
Trade creditors	1,603,429	3,837,696
Other creditors	189,965	252,602
Dividend payable	730,000	625,000
	<u>64,491,996</u>	<u>74,916,913</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES	<u>£</u>
Deferred Tax:	
Balance at 31st January 1998	5,322,000
Transferred from Profit and Loss Account	783,000
	<u>6,105,000</u>
Balance at 31st January 1999	<u>6,105,000</u>

The amounts provided at 31st January 1999 and 1998 are the full potential liabilities and are attributable to accelerated capital allowances.

10. ACCRUALS AND DEFERRED INCOME	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Unearned leasing income	7,540,124	9,880,265
Unearned credit insurance commission	93	379
	<u>7,540,217</u>	<u>9,880,644</u>



LLOYDS UDT BUSINESS EQUIPMENT LIMITED  
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NOTES TO THE ACCOUNTS

11.	SHARE CAPITAL	<u>1999</u>	<u>1998</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 2nd November 1999.

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.

At 31st January 1999 the company's intermediate parent company was Lloyds UDT Limited. On 1st July 1999 Lloyds UDT Limited changed its name to Lloyds UDT Finance Limited. A copy of its group accounts can be obtained from Lloyds UDT Finance Limited, 71 Lombard Street, London EC3P 3BS.