

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

30 September 1997



LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED
203 Blackfriars Road London SE1 8NH

DIRECTORS

D P Pritchard - Chairman
J A Davies
D H A Harrison
P B Miles (alternate: A R Foad)

SECRETARY

N S Black

AUDITORS

Price Waterhouse

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

2269493

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is property investment.

At the end of the year the cost of leased assets owned amounted to £77,162,000.

RESULTS

The profit after taxation for the year ended 30 September 1997 amounted to £1,305,000 as set out in the profit and loss account on page 5.

An interim dividend of £1,350,000 will be paid in July 1998.

DIRECTORS

The names of the present directors of the company are shown on page 1.

On 30 April 1998 Mr A E Moore retired as a director and chairman of the company. He was succeeded on 1 May 1998 by Mr D P Pritchard.

All the directors are also directors of Lloyds Leasing Limited, the immediate parent company, and reference to their interests in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries is made in the report and accounts of Lloyds Leasing Limited.

POLICY ON PAYMENT OF CREDITORS

The company's policy is to agree terms of payment with suppliers and these normally provide for payment within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the company owed no amounts to trade creditors at 30 September 1997, 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.

On behalf of the board



N S Black
Secretary

15 June 1998

AUDITORS' REPORT TO THE MEMBER OF LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

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 and of the profit or loss of the company for that period. 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;
- 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 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 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.

It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

15 June 1998

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, in compliance with the Companies Act 1985 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 the requirements of Financial Reporting Standard 1 is included in the accounts of its ultimate parent company. In addition advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Lloyds TSB Group plc or other group or associated undertakings as the consolidated accounts of Lloyds TSB Group plc in which the company is included are publicly available.

(a) Income recognition - finance leases

Fixed for tax leases

Rentals receivable, after adjusting for the amortisation of the cost of leased assets either positive or negative, are credited to the profit and loss account over the primary period of each lease in proportion to the net cash invested in each period, taking into account the effects of taxation.

(b) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a year-end appraisal of rentals receivable less income allocated to future periods.

(c) Deferred taxation

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1997

	Note	1997 £000	1996 £000
TURNOVER	1	8,885	9,158
AMORTISATION OF LEASED ASSETS		1,748	1,552
		<hr/>	<hr/>
		10,633	10,710
INTEREST EXPENSE	2	10,139	9,989
		<hr/>	<hr/>
OPERATING EXPENSES		494	721
Management fee payable to parent company		6	4
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		488	717
TAXATION	3	817	894
		<hr/>	<hr/>
PROFIT AFTER TAXATION		1,305	1,611
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There are no further gains or losses attributable to the shareholder other than those disclosed above.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
for the year ended 30 September 1997

	1997 £000	1996 £000
PROFIT FOR THE YEAR AFTER TAXATION	1,305	1,611
DIVIDEND	1,350	1,600
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NET (DECREASE) INCREASE IN CAPITAL AND RESERVES	(45)	11
CAPITAL AND RESERVES AT BEGINNING OF YEAR	164	153
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	119	164
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The notes on pages 8 to 10 form part of these accounts.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

BALANCE SHEET
at 30 September 1997

	Note	1997 £000	1996 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
after more than one year	4	103,578	101,830
Amounts owed by group companies	5	1,197	1,343
		<hr/>	<hr/>
		104,775	103,173
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	19	64
		<hr/>	<hr/>
		119	164
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	4,660	5,740
CREDITORS			
Amounts owed to group companies	9	99,526	96,808
Other creditors		470	461
		<hr/>	<hr/>
		99,996	97,269
		<hr/>	<hr/>
		104,775	103,173
		<hr/>	<hr/>



D P Pritchard - Chairman



P B Miles - Managing Director

The notes on pages 8 to 10 form part of these accounts.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year.

2 INTEREST EXPENSE

	1997 £000	1996 £000
Interest payable to other group companies on bank loans and overdrafts	10,139	9,989
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3 TAXATION

	1997 £000	1996 £000
Group relief (payable) receivable	(263)	397
Deferred taxation	1,080	497
	<hr/>	<hr/>
	817	894
	<hr/>	<hr/>

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 32% (1996: 33%).

4 FINANCE LEASE RECEIVABLES

	1997 £000	1996 £000
Future rentals	136,644	145,601
Less:		
Income allocated to future periods	(33,066)	(43,771)
	<hr/>	<hr/>
	103,578	101,830
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Finance lease receivables represents the cost of leased assets less rentals received in advance after providing for the following:

Accumulated amortisation	26,416	24,668
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LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

5 AMOUNTS OWED BY GROUP COMPANIES

	1997 £000	1996 £000
Bank deposits	1,170	816
Group relief receivable	27	527
	<hr/>	<hr/>
	1,197	1,343
	<hr/>	<hr/>

6 CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100	100
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The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the company is a member. Lloyds Bank Plc is the parent company of the smallest such group of companies. Copies of the group accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

7 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 1996	64
Deficit for the year	(45)
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At 30 September 1997	19
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8 DEFERRED TAXATION

	£000
At 1 October 1996	5,740
Credit for the year	(1,080)
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At 30 September 1997	4,660
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The balance at 30 September 1997 and 1 October 1996 represent full provision in respect of the potential liability of the company to taxation on the excess of capital allowances over related amortisation of leased assets.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

9 AMOUNTS OWED TO GROUP COMPANIES

	1997 £000	1996 £000
Amounts falling due within one year:		
Bank borrowings	97,885	95,180
Interest payable	28	28
Group relief payable	263	-
Interim dividend	1,350	1,600
	<hr/>	<hr/>
	99,526	96,808
	<hr/>	<hr/>

10 COMMITMENTS

The company in the course of its business enters into interest rate swap contracts. The underlying principal amount of these contracts and the replacement cost obtained by marking to market are:

	1997 £000	1996 £000
Underlying principal amount	97,500	95,180
Replacement cost	27,123	11,551

11 CHANGE IN PRESENTATION

Certain prior year figures have been restated to be consistent with the basis of presentation for the current year.

12 DATE OF APPROVAL

The directors approved the accounts on 15 June 1998.