

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

30 September 1998

2269493

Member of Lloyds TSB Group



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

DIRECTORS

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

SECRETARY

N S Black

AUDITORS

PricewaterhouseCoopers

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 1998 amounted to £1,143,000 as set out in the profit and loss account on page 5.

An interim dividend of £1,100,000 will be paid in March 1999.

DIRECTORS

The following changes in directors have taken place during the year and since the balance sheet date:

<u>Director's name</u>	<u>Appointed</u>	<u>Resigned</u>
A E Moore		30 April 1998
D P Pritchard	1 May 1998	
J A Davies		30 September 1998
M J Green	1 October 1998	

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 AND PRACTICE ON PAYMENT OF CREDITORS

The company does not follow a code relating to payments to suppliers. Its policy is to agree terms of payment and these normally provide for settlement 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 1998, the number of days required to be shown in this report, to comply with the provisions of 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 Leasing 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 1 January, 2000. Testing of all systems has now been satisfactorily completed and there are plans to ensure that customer service will be maintained at all times.

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.

AUDITORS

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998, following which Price Waterhouse resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors.

On behalf of the board



N S Black
Secretary

8 March 1999

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 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 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.

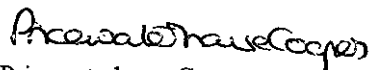
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper 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 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 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 the company's affairs as at 30 September 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

8 March 1999

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

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

Income and expenses are included in the profit before taxation on the basis of the amounts actually payable or receivable, without any adjustment to reflect a notional amount of tax that would have been paid or relieved in respect of the transaction if it had been taxable, or allowable for tax purposes on a different basis. In order to preserve the recognition of profit after tax in accordance with the actuarial after tax method, tax equalisation adjustments are made on those transactions which include permanent tax differences resulting from income and expenses subject to non standard rates of tax.

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 1998

	Note	1998 £000	1997 £000
TURNOVER	1	9,063	8,885
AMORTISATION OF LEASED ASSETS		1,728	1,748
		<hr/>	<hr/>
		10,791	10,633
INTEREST EXPENSE	2	10,353	10,139
		<hr/>	<hr/>
OPERATING EXPENSES		438	494
Management fee payable to parent company		8	6
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		430	488
TAXATION	3	713	817
		<hr/>	<hr/>
PROFIT AFTER TAXATION		1,143	1,305
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There are no further gains or losses attributable to the shareholder other than those disclosed above.

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

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
for the year ended 30 September 1998

	1998 £000	1997 £000
PROFIT FOR THE YEAR AFTER TAXATION	1,143	1,305
DIVIDEND	1,100	1,350
NET INCREASE (DECREASE) IN CAPITAL AND RESERVES	43	(45)
CAPITAL AND RESERVES AT BEGINNING OF YEAR	119	164
CAPITAL AND RESERVES AT END OF YEAR	162	119

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

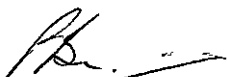
LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

BALANCE SHEET
at 30 September 1998

	Note	1998 £000	1997 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables after more than one year	4	105,306	103,578
Amounts owed by group companies	5	1,357	1,197
		<hr/>	<hr/>
		106,663	104,775
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	62	19
		<hr/>	<hr/>
		162	119
PROVISIONS FOR LIABILITIES AND CHARGES			
	8	3,870	4,660
CREDITORS			
Amounts owed to group companies	9	102,232	99,526
Other creditors		399	470
		<hr/>	<hr/>
		102,631	99,996
		<hr/>	<hr/>
		106,663	104,775
		<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

	1998 £000	1997 £000
Interest payable to other group companies on bank loans and overdrafts	10,353	10,139

3 TAXATION

	1998 £000	1997 £000
Group relief payable	(77)	(263)
Deferred taxation	17	247
Tax equalisation	773	833
	713	817

The taxation credit on the profit for the year has been based on a United Kingdom corporation tax rate of 31% (1997: 32%).

The movement in the 1997 deferred tax charge includes a one off credit amounting to £216,000, as a consequence of the reduction in the corporation tax rate from 33% to 30%.

4 FINANCE LEASE RECEIVABLES

	1998 £000	1997 £000
Future rentals	127,512	136,644
Less:		
Income allocated to future periods	(22,206)	(33,066)
	105,306	103,578

Finance lease receivables represents the cost of leased assets less rentals received in advance after crediting the following:

Accumulated amortisation	28,144	26,416
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LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

5 AMOUNTS OWED BY GROUP COMPANIES

	1998 £000	1997 £000
Bank deposits	1,329	1,170
Group relief receivable	28	27
	<hr/>	<hr/>
	1,357	1,197
	<hr/>	<hr/>

6 CALLED UP SHARE CAPITAL

	1998 £000	1997 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100	100
	<hr/>	<hr/>

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 1997	19
Retained profit for the year	43
	<hr/>
At 30 September 1998	62
	<hr/>

8 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000	Tax equalisation £000	Balance sheet amounts £000
At 1 October 1997	2,160	2,500	4,660
Transfer to profit and loss for the year	(17)	(773)	(790)
	<hr/>	<hr/>	<hr/>
At 30 September 1998	2,143	1,727	3,870
	<hr/>	<hr/>	<hr/>

The deferred taxation balance at 1 October 1997 and 30 September 1998 represent 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

	1998 £000	1997 £000
Amounts falling due within one year:		
Bank borrowings	100,465	97,885
Interest payable	29	28
Group relief payable	638	263
Interim dividend	1,100	1,350
	<hr/>	<hr/>
	102,232	99,526
	<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:

	1998 £000	1997 £000
Underlying principal amount	100,463	97,500
Replacement cost	37,357	27,123

11 CHANGE IN PRESENTATION

The classification of certain prior year figures in the balance sheet have been restated to be consistent with the basis of presentation for the current year. There was no impact on the profit and loss account.

12 DATE OF APPROVAL

The directors approved the accounts on 8 March 1999.