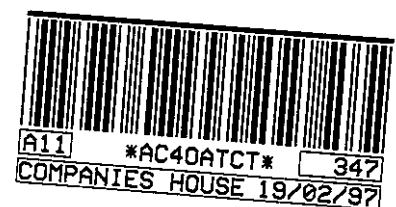


2269493

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

30 September 1996



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

DIRECTORS

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

SECRETARY

P A Stafford

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 1996 amounted to £1,611,000 as set out in the profit and loss account on page 5.


An interim dividend of £1,600,000 will be paid in December 1996, and the retained profit for the year, amounting to £11,000, will be transferred to reserves.

DIRECTORS

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

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.

On behalf of the board



P A Stafford
Secretary

4 December 1996

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 1996 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

4 December 1996

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.

(a) Income recognition - finance 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.

(d) Companies Act 1985 (see also note 4)

Profit on ordinary activities before taxation and taxation include where appropriate grossing adjustments ("equalisation") in respect of non-taxable income and non-allowable expenditure. This departure from the profit and loss formats set out in the Companies Act 1985 has been adopted in compliance with the principles established in Statement of standard accounting practice no 21.

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1996

	Note	1996 £000	1995 £000
TURNOVER	1	9,158	7,830
AMORTISATION OF LEASED ASSETS		3,240	2,998
		<hr/>	<hr/>
		12,398	10,828
INTEREST EXPENSE	2	9,989	9,779
		<hr/>	<hr/>
OPERATING EXPENSES		2,409	1,049
Management fee payable to parent company		4	5
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,405	1,044
TAXATION	4	794	344
		<hr/>	<hr/>
PROFIT AFTER TAXATION		1,611	700
		<hr/>	<hr/>

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 1996

	1996 £000	1995 £000
PROFIT FOR THE YEAR AFTER TAXATION	1,611	700
DIVIDEND	1,600	700
	<hr/>	<hr/>
NET INCREASE IN CAPITAL AND RESERVES	11	-
CAPITAL AND RESERVES AT BEGINNING OF YEAR	153	153
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	164	153
	<hr/>	<hr/>

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

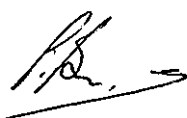
LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

BALANCE SHEET at 30 September 1996

	Note	1996 £000	1995 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
after more than one year	5	96,090	94,271
Amounts owed by group companies	6	1,343	640
		<hr/>	<hr/>
		97,433	94,911
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	64	53
		<hr/>	<hr/>
		164	153
CREDITORS			
Amounts owed to group companies	9	96,808	94,527
Other creditors		461	-
Deferred taxation	10	-	231
		<hr/>	<hr/>
		97,269	94,758
		<hr/>	<hr/>
		97,433	94,911
		<hr/>	<hr/>



A E Moore - 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

	1996 £000	1995 £000
Interest payable to other Lloyds TSB group companies on bank loans and overdrafts	9,989	9,779

3 DIRECTORS' EMOLUMENTS

An aggregate amount of £3,000 was deemed to have been paid by Lloyds Bank Plc for the services of one director in respect of the management of the affairs of the company (1995: a total of £3,000 for two directors). There were no other directors' emoluments paid in respect of services to the company.

4 TAXATION

	1996 £000	1995 £000
Group relief receivable	(397)	(768)
Equalisation	1,422	879
Deferred taxation	(231)	233
	794	344

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 33% (1995: 33%).

5 FINANCE LEASE RECEIVABLES

	1996 £000	1995 £000
Future rentals	304,596	244,764
Less:		
Income allocated to future periods	(208,506)	(150,493)
Finance lease receivables due after more than one year	96,090	94,271

Finance lease receivables represent the cost of leased assets together with accumulated amortisation credited to profit and loss account of £18,928,000 (1995: £17,110,000).

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

6 AMOUNTS OWED BY GROUP COMPANIES

	1996 £000	1995 £000
Current account	816	-
Group relief receivable	527	640
	<hr/>	<hr/>
	1,343	640
	<hr/>	<hr/>

7 CALLED UP SHARE CAPITAL

	1996 £000	1995 £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. Lloyds TSB Group plc is registered in Scotland and Lloyds Bank Plc is registered in England and Wales. 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.

8 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 1995	53
Retained profit for the year	11
	<hr/>
At 30 September 1996	64
	<hr/>

9 AMOUNTS OWED TO GROUP COMPANIES

	1996 £000	1995 £000
Amounts falling due within one year:		
Bank overdraft	-	826
Bank borrowings	95,180	92,948
Interest payable	28	53
Interim dividend	1,600	700
	<hr/>	<hr/>
	96,808	94,527
	<hr/>	<hr/>

LLOYDS LEASING MEADOWHALL DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

10 DEFERRED TAXATION

£000

At 1 October 1995

231

Credit for the year

(231)

At 30 September 1996

-

The balance at 1 October 1995 represents 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.

No account is taken of a potential liability of £2,222,000 (1995: £2,118,000), which may crystallise at a future date in respect of capital allowances claimed on certain buildings which have been leased by the company, since, in the event that it were to crystallise, it would be borne by the lessee.

11 COMMITMENTS TO GROUP COMPANIES

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:

	1996 £000	1995 £000
Underlying principal amount	95,180	92,948
Replacement cost	11,551	11,022

12 DATE OF APPROVAL

The directors approved the accounts on 4 December 1996.