

LLOYDS CORPORATE LEASING LIMITED

2520916

31 March 1998



Member of Lloyds TSB Group

LLOYDS CORPORATE LEASING 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

PricewaterhouseCoopers

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

2520916

LLOYDS CORPORATE LEASING LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is the leasing of plant and equipment.

At the end of the year the cost of leased assets owned was £124,207,000.

RESULTS

The profit after taxation for the year ended 31 March 1998 amounted to £1,148,000 as set out in the profit and loss account on page 5.

An interim dividend of £1,200,000 will be paid in September 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 AND PRACTICE 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.

The number of days 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 2. This bears the same proportion to the number of days in the year as the aggregate of the amounts owed to trade creditors at 31 March 1998 bears to the aggregate of the amounts invoiced by suppliers during the year.

YEAR 2000

Lloyds TSB Group plc, of which the company is a subsidiary, has undertaken a review of the principal computerised systems throughout the group, to identify whether any alterations were needed to deal with problems arising from the failure to recognise dates before, on or after 1st January, 2000. The alteration of systems is due to be completed by November, 1998. Further comprehensive testing will take place during 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 these issues.

All costs are being borne by the immediate parent company, Lloyds Leasing Limited.

AUDITORS

On 14 September 1998, Price Waterhouse resigned as auditors of the company and PricewaterhouseCoopers were appointed in their place.

On behalf of the board



N S Black
Secretary

14 September 1998

AUDITORS' REPORT TO THE MEMBER OF LLOYDS CORPORATE LEASING 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 31 March 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

14 September 1998

LLOYDS CORPORATE LEASING LIMITED

ACCOUNTING POLICIES

The accounts are 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

Post-tax profits on leases are allocated to the profit and loss account in proportion to the net cash invested in each period so as to give a constant periodic rate of return. The pre-tax profits are determined by reference to the post-tax profit allocated and the tax charge applicable for the period.

(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 CORPORATE LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

	Note	1998 £000	1997 £000
TURNOVER	1	12,030	11,636
AMORTISATION OF LEASED ASSETS		7,603	2,817
		<hr/> 4,427	<hr/> 8,819
INTEREST EXPENSE	2	6,682	7,569
		<hr/> (2,255)	<hr/> 1,250
OPERATING EXPENSES			
Administrative expenses		-	1
Management fee payable to parent company		94	70
		<hr/> 94	<hr/> 71
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> (2,349)	<hr/> 1,179
TAXATION (CREDIT) CHARGE	3	<hr/> (3,497)	<hr/> 389
PROFIT AFTER TAXATION		<hr/> 1,148	<hr/> 790

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 CORPORATE LEASING LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
for the year ended 31 March 1998

	1998 £000	1997 £000
PROFIT FOR THE YEAR AFTER TAXATION	1,148	790
DIVIDEND	1,200	750
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CAPITAL AND RESERVES	(52)	40
CAPITAL AND RESERVES AT BEGINNING OF YEAR	175	135
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	123	175
	<hr/>	<hr/>

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

LLOYDS CORPORATE LEASING LIMITED

BALANCE SHEET at 31 March 1998

	Note	1998 £000	1997 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		5,719	4,151
after more than one year		99,089	114,186
	4	104,808	118,337
Amounts owed by group companies	5	6,571	9,135
		111,379	127,472
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	23	75
		123	175
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	30,655	29,526
CREDITORS			
Amounts owed to group companies	9	80,313	97,631
Other creditors		288	140
		80,601	97,771
		111,379	127,472


J A Davies - Director


A R Foad - Deputy Managing Director

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

LLOYDS CORPORATE LEASING LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable during the year.

2 INTEREST EXPENSE

	1998 £000	1997 £000
Interest expense comprises:		
Interest payable to group companies on bank loans and overdrafts	6,682	7,569

3 TAXATION (CREDIT) CHARGE

	1998 £000	1997 £000
Group relief receivable	(4,626)	(9,135)
Deferred taxation	1,129	9,524
	<u>(3,497)</u>	<u>389</u>

The taxation credit (1997: charge) on the loss (1997: profit) for the year has been based on a United Kingdom corporation tax rate of 31% (1997: 33%).

The movement in the deferred tax balance includes a one off credit, amounting to £4,223,000, as a consequence of the reduction in the corporation tax rate from 33% to 30%. Where applicable, a corresponding adjustment has been made to the charge for amortisation and the net book value of finance lease receivables to reflect the net reduction in future rentals.

4 FINANCE LEASE RECEIVABLES

	1998 £000	1997 £000
Future rentals	177,008	190,956
Less:		
Rentals received in advance	(8,853)	(2,927)
Income allocated to future periods	(63,347)	(69,692)
	<u>104,808</u>	<u>118,337</u>

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

Accumulated amortisation	10,546	3,117
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LLOYDS CORPORATE LEASING LIMITED

NOTES TO THE ACCOUNTS

5 AMOUNTS OWED BY GROUP COMPANIES

	1998 £000	1997 £000
Amounts falling due within one year:		
Amounts due from fellow subsidiary companies	1,949	-
Group relief receivable	4,622	9,135
	<u>6,571</u>	<u>9,135</u>

6 CALLED UP SHARE CAPITAL

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

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 April 1997	75
Retained deficit for the year	(52)
	<u>23</u>
At 31 March 1998	<u>23</u>

8 DEFERRED TAXATION

	£000
At 1 April 1997	29,526
Charge for the year	1,129
	<u>30,655</u>
At 31 March 1998	<u>30,655</u>

The balances at 31 March 1998 and 1 April 1997 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.

ELLOYDS CORPORATE LEASING LIMITED

NOTES TO THE ACCOUNTS

9	AMOUNTS OWED TO GROUP COMPANIES	1998 £000	1997 £000
Amounts falling due within one year:			
	Bank overdraft	-	3,126
	Bank borrowings	77,387	85,479
	Interest payable	1,726	1,836
	Amounts due to fellow subsidiary company	-	6,370
	Management fee payable	-	70
	Interim dividend	1,200	750
		<hr/>	<hr/>
		80,313	97,631
		<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	47,747	60,502
Replacement cost	1,774	505

11 DATE OF APPROVAL

The directors approved the accounts on 14 September 1998.