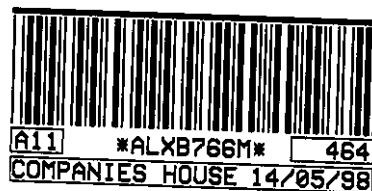


LLOYDS PREMISES INVESTMENTS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1997



Member of Lloyds TSB Group

LLOYDS PREMISES INVESTMENTS LIMITED

Report and accounts 1997

Registered office

71 Lombard Street
London
EC3P 3BS

Registered number

2521270

Directors

A G Strang (Chairman)
H D C Stebbing (Managing Director)

Company secretary

S J Hopkins

LLOYDS PREMISES INVESTMENTS LIMITED

Report of the directors

Principal activity

The principal activity of the company is property investment.

Results

The profit after taxation for the year ended 31 December 1997 was £380,440 (1996: £456,082) as set out in the profit and loss account on page 3.

Directors

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

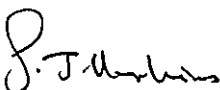
Reference is made on page 8 in note 13 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

Policy on 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.

As the company owed no amounts to trade creditors at 31 December 1997, 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 nil.

On behalf of the board.



S J Hopkins
Company Secretary

29 April 1998

LLOYDS PREMISES INVESTMENTS LIMITED

Profit and loss account

for the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover	2	863,406	916,737
Cost of sales		(225,344)	(209,263)
		-----	-----
Gross profit		638,062	707,474
Administrative expenses		(73,282)	(72,426)
		-----	-----
Profit on ordinary activities before taxation	3	564,780	635,048
Taxation	5	(184,340)	(178,966)
		-----	-----
Profit for the financial year	11	380,440	456,082
		=====	=====

The company had no recognised gains or losses other than those disclosed in the profit and loss account, which relate entirely to continuing operations.

The notes on pages 5 to 9 form part of these accounts.

LLOYDS PREMISES INVESTMENTS LIMITED

Balance sheet at 31 December 1997

	Note	1997 £	1996 £
Fixed assets			
Land and buildings	6	7,106,091	7,171,642
		-----	-----
Current assets			
Debtors	7	15,113	160,550
Prepayments		48,775	7,375
Cash at bank		47,600	308,061
		-----	-----
		111,488	475,986
Creditors: amounts falling due within one year			
Amounts owed to parent undertaking		2,916,427	3,674,072
Amounts owed to other group undertakings		3,085	13,386
Other creditors and accruals	8	35,109	45,992
Taxation		177,906	209,566
		-----	-----
		3,132,527	3,943,016
Net current liabilities		(3,021,039)	(3,467,030)
		-----	-----
Total assets less current liabilities		4,085,052	3,704,612
		=====	=====
Share capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	4,085,050	3,704,610
		-----	-----
Total shareholder's funds (equity)	12	4,085,052	3,704,612
		=====	=====



A G Strang
Director

The notes on pages 5 to 9 form part of these accounts.

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts

1. Accounting policies

a) Basis of preparation

The accounts have been prepared under the historical cost convention, in compliance with the requirements of 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 undertaking. 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.

b) Fixed assets and depreciation

Long leasehold premises are included at cost less any provision for permanent diminution in value. Short leasehold premises are included at acquisition cost and refurbishment costs since acquisition less accumulated depreciation. Currently all fixed assets are reported at construction cost.

Land is not depreciated. Long leasehold buildings are maintained in a state of good repair and it is considered that residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are such that depreciation is not significant.

Short leasehold buildings are depreciated over the remaining term of the lease.

Refurbishment projects are included at cost and depreciated over ten years from the date at which the asset becomes available for business use.

c) Operating leases

The costs of operating leases are charged to the profit and loss account when incurred.

2. Turnover

Turnover comprises rental income from the company's properties in the United Kingdom earned from other group undertakings.

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts (continued)

3. Profit on ordinary activities before taxation

	1997 £	1996 £
Profit before taxation is stated after charging:		
Auditors' remuneration	450	450
Depreciation of owned assets	65,551	65,552
Operating leases on land and buildings	142,500	142,500
	<u>=====</u>	<u>=====</u>

4. Directors' emoluments

The aggregate emoluments of the directors were £6,059 (1996: £8,174).

Retirement benefits are accruing to two directors under defined benefit pension schemes.

5. Taxation

	1997 £	1996 £
UK corporation tax at 31.5% (1996: 33%)	177,906	209,566
Prior year adjustment	6,434	(30,600)
	<u>-----</u>	<u>-----</u>
	184,340	178,966
	<u>=====</u>	<u>=====</u>

6. Fixed assets

	Long leasehold £	Land and buildings Short leasehold £	Total £
Cost at 1 January and 31 December 1997	6,579,693	657,501	7,237,194
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Accumulated depreciation at 1 January 1997	-	65,552	65,552
Charge for the year at 31 December 1997	-	65,551	65,551
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	-	131,103	131,103
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net book amount at 31 December 1997	6,579,693	526,398	7,106,091
	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 December 1996	6,579,693	591,949	7,171,642
	<u>=====</u>	<u>=====</u>	<u>=====</u>

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts (continued)

7. Debtors

	1997 £	1996 £
Amounts owed by parent undertaking	15,113	77,022
Amounts owed by group undertakings	-	83,528
	-----	-----
	15,113	160,550
	=====	=====

8. Other creditors and accruals

	1997 £	1996 £
Accruals	3,350	6,121
VAT	31,759	39,871
	-----	-----
	35,109	45,992
	=====	=====

9. Operating lease commitments

The company has annual commitments under leases which expire in excess of five years from 31 December 1997, of £142,500 (1996: £142,500). These commitments are in respect of land and buildings.

10. Called up share capital

	1997 £	1996 £
Authorised ordinary shares of £1 each	100	100
	=====	=====
Issued and fully paid	2	2
	=====	=====

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member. Lloyds Bank Plc is the parent undertaking of the smallest such group of undertakings. 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.

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts (continued)

11. Profit and loss account

	1997 £
Balance at 1 January	3,704,610
Profit for the year	380,440
Balance at 31 December	<u>4,085,050</u>

12. Reconciliation of movements in shareholder's funds

	1997 £	1996 £
Profit for the financial year	380,440	456,082
Net addition to shareholder's funds	<u>380,440</u>	<u>456,082</u>
Opening shareholder's funds	3,704,612	3,248,530
Closing shareholder's funds	<u>4,085,052</u>	<u>3,704,612</u>

13. Directors' interests

The interests of the directors in the capital of Lloyds TSB Group plc were:

Ordinary shares of 25p each:

	At 31 December 1997	At 1 January 1997
A G Strang	65,547	62,806
H D C Stebbing	16,288	9,925

Option to acquire ordinary shares of 25p each:

	At 1 January 1997	During the year		At 31 December 1997
		Granted	Exercised	
A G Strang	59,166	10,356	1,562	67,960
H D C Stebbing	33,401	8,279	17,786	23,894

None of the directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts (continued)

14. Date of approval

The directors approved the accounts on 29 April 1998.

LLOYDS PREMISES INVESTMENTS LIMITED

Report of the auditors

To the member of Lloyds Premises Investments Limited

We have audited the financial statements set out on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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 year. In preparing those financial statements, the director 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 are responsible for keeping proper 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.

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 Accounting 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 judgement 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 the information in the financial statements.

LLOYDS PREMISES INVESTMENTS LIMITED

Report of the auditors

To the member of Lloyds Premises Investments Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants and
Registered Auditors
Bristol

29 April 1998