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LLOYDS PREMISES INVESTMENTS LIMITED

REPORT AND ACCOUNTS 1998

MEMBER OF LLOYDS TSB GROUP



LLOYDS PREMISES INVESTMENTS LIMITED

Report and accounts 1998

Registered office

71 Lombard Street
London
EC3P 3BS

Registered number

2521270

Directors

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

Secretary

S J Hopkins

LLOYDS PREMISES INVESTMENTS LIMITED

Report of the directors

Principal activity and results

The company undertakes property investment.

The profit after taxation for the year ended 31 December 1998 was £384,105 (1997: £380,440) 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 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.

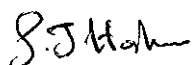
As the company owed no amounts to trade creditors at 31 December 1998, the number of days to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (1997: nil).

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 accounting records. Lloyds TSB Group, 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. A significant proportion of the necessary changes have now been made and testing will continue throughout 1999.

All costs relating to the company's Year 2000 preparations are being borne by Lloyds Bank Plc and have been disclosed in that company's accounts.

On behalf of the board



S J Hopkins
Secretary

25 June 1999

LLOYDS PREMISES INVESTMENTS LIMITED

Profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover	2	891,141	863,406
Cost of sales		(254,191)	(225,344)
Gross profit		636,950	638,062
Administrative expenses		(67,095)	(73,282)
Profit on ordinary activities before taxation	3	569,855	564,780
Taxation	5	(185,750)	(184,340)
Retained profit	11	384,105	380,440

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 8 form part of these accounts.

LLOYDS PREMISES INVESTMENTS LIMITED

Balance sheet at 31 December 1998

	Note	1998 £	1997 £
Fixed assets			
Land and buildings	6	7,040,540	7,106,091
		-----	-----
Current assets			
Debtors	7	54,228	15,113
Prepayments		18,725	48,775
Cash at bank		73,525	47,600
		-----	-----
		146,478	111,488
Creditors: amounts falling due within one year			
Amounts owed to parent undertaking		2,503,091	2,916,427
Amounts owed to other group undertakings		3,085	3,085
Other creditors and accruals	8	35,030	35,109
Taxation	5	176,655	177,906
		-----	-----
		2,717,861	3,132,527
Net current liabilities		(2,571,383)	(3,021,039)
		-----	-----
Total assets less current liabilities		4,469,157	4,085,052
		=====	=====
Capital and reserves			
Called-up share capital	10	2	2
Profit and loss account	11	4,469,155	4,085,050
		-----	-----
Shareholder's funds (equity)	12	4,469,157	4,085,052
		=====	=====



A G Strang
Director

The notes on pages 5 to 8 form part of these accounts.

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts

1. Accounting policies

a. Basis of preparation

The accounts are prepared under the historical cost convention, in compliance with the requirements of the Companies Act 1985 and in accordance with applicable accounting standards.

As permitted by Financial Reporting Standard 1 (revised), no cash flow statement is presented in these accounts, as the company is a wholly owned subsidiary of Lloyds TSB Group plc which presents such a statement in its own accounts. 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 and refurbishment costs less accumulated depreciation.

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

	1998 £	1997 £
Profit before taxation is stated after charging:		
Auditors' remuneration	450	450
Depreciation of owned assets	65,551	65,551
Operating leases on land and buildings	138,471	142,500
	<u>=====</u>	<u>=====</u>

4. Directors' emoluments

No remuneration was paid or is payable by the company to the directors. The directors are employed by other companies in the Lloyds TSB Group and consider that their services to this company are incidental to their other activities within the group.

The number of directors to whom retirement benefits are accruing under defined benefit pension schemes is two (1997: two).

5. Taxation

	1998 £	1997 £
UK corporation tax at 31% (1997: 31.5%)	176,655	177,906
Prior year adjustment	9,095	6,434
	<u>-----</u>	<u>-----</u>
	185,750	184,340
	<u>=====</u>	<u>=====</u>

6. Fixed assets

	Land and buildings		Total
	Long leasehold £	Short leasehold £	£
Cost at 1 January and 31 December 1998	6,579,693	657,501	7,237,194
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Accumulated depreciation at 1 January 1998	-	131,103	131,103
Charge for the year at 31 December 1998	-	65,551	65,551
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Accumulated depreciation at 31 December 1998	-	196,654	196,654
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net book amount at 31 December 1998	6,579,693	460,847	7,040,540
	<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>

LLOYDS PREMISES INVESTMENTS LIMITED

Notes to the accounts (continued)

7. Debtors

	1998 £	1997 £
Amounts owed by parent undertaking	54,228 =====	15,113 =====

8. Other creditors and accruals

	1998 £	1997 £
Accruals	6,810	3,350
VAT	28,220	31,759
	----- 35,030 =====	----- 35,109 =====

9. Operating lease commitments

The company has annual commitments under leases which expire in excess of five years from 31 December 1998 of £142,500 (1997: £142,500). These commitments are in respect of land and buildings.

10. Called-up share capital

	1998 £	1997 £
Authorised ordinary shares of £1 each	100 =====	100 =====
Issued and fully paid	2 =====	2 =====

The company's parent company is Lloyds Bank Plc and 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

	1998 £
At 1 January	4,085,050
Retained profit	384,105
At 31 December	<u>4,469,155</u>

12. Reconciliation of movements in shareholder's funds

	1998 £	1997 £
Profit for the year	384,105	380,440
Opening shareholder's funds	4,085,052	3,704,612
Closing shareholder's funds	<u>4,469,157</u>	<u>4,085,052</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 1998	At 1 January 1998
H D C Stebbing	14,415	16,288
A G Strang	63,646	65,547

Option to acquire ordinary shares of 25p each:

	At 1 January 1998	During the year		At 31 December 1998
		Granted	Exercised	
H D C Stebbing	23,894	3,224	965	26,153
A G Strang	67,960	3,000	-	70,960

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

14. Date of approval

The directors approved the accounts on 25 June 1999.

LLOYDS PREMISES INVESTMENTS LIMITED

Report of the auditors to the member of Lloyds Premises Investments Limited

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 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 that 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 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.

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 the company's affairs as at 31 December 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Bristol

25 June 1999