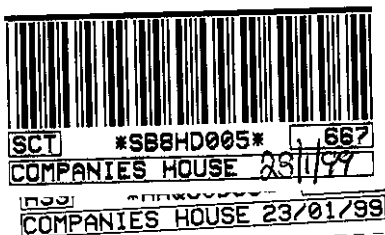


SC069104

LLOYDS BOWMAKER RENTALS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998



EAM.

Registered number 69104

LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

P. F. Hook
M. P. Kilbee

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1998, together with the Profit and Loss Account for the year ended on that date.

PROFIT AND DIVIDEND

The profit for the year is set out in the attached Profit and Loss Account. The directors propose payment of a dividend of £7,250,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

In September 1997 the company disposed of its sales aid finance portfolio. The future level of activity will be considerably reduced.

DIRECTORS

Mr P. F. Hook was a director throughout the year. Mr D. A. Baggaley retired as a director on 6th March 1998 and Mr M. P. Kilbee was appointed on that date.

Neither of the directors held a beneficial interest in the shares of the company during the year. The interests of the directors in shares and options to subscribe for shares in other group companies were as follows:

	<u>At 31.3.98</u>		<u>Options granted during year</u>	<u>At 1.4.97 or date of appointment</u>	
	<u>Shares</u>	<u>Options</u>		<u>Shares</u>	<u>Options</u>
In the ordinary shares of 25p each of Lloyds TSB Group plc:					
P. F. Hook	3,145	34,146	20,000	-	14,146
M. P. Kilbee	31,837	12,146	-	33,764	12,146

During the year Mr P. F. Hook exercised 3,670 options (2,365 options lapsed) in Lloyds Abbey Life plc (now Lloyds TSB Financial Services Holdings plc) under the terms of the scheme of arrangement by which that company became a wholly owned subsidiary of Lloyds TSB Group plc.

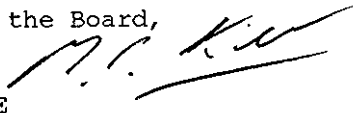
AUDITORS

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1st July 1998 and the directors appointed the new firm, PricewaterhouseCoopers, on 25th September 1998.

YEAR 2000

The company is a member of the Lloyds UDT group of companies and, because it utilises common information systems, is subject to the same risks and uncertainties surrounding the Year 2000 issue as its immediate parent company, Lloyds UDT Limited. The directors of Lloyds UDT Limited have undertaken a detailed review and testing programme to evaluate its, and therefore the company's, ability to process transactions with dates beyond 31st December 1999. This review programme also encompasses the impact of the Year 2000 problem on the Lloyds UDT Limited's relations with certain key customers and suppliers, where the relationship may have a material impact on the company's operations or financial statements. The results of this review, as well as disclosure of the costs associated with the Year 2000 issue and their accounting treatment, will be provided in the Lloyds UDT Limited consolidated financial statements for the year ended 31st December 1998. These costs are not borne directly by the company.

By Order of the Board,


M. P. KILBEE
Secretary
Bournemouth
12th January 1999

LLOYDS BOWMAKER RENTALS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF LLOYDS BOWMAKER RENTALS LIMITED

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

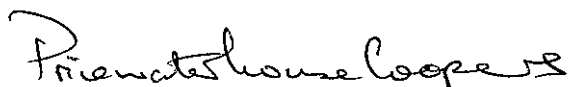
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants
and Registered Auditors
Albany House
58 Albany Street
Edinburgh EH1 3QR
12th January 1999

LLOYDS BOWMAKER RENTALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1998

	<u>Note</u>	<u>Continuing operations</u> £	<u>Discontinued operations</u> £	<u>1998</u> <u>Total</u> £	<u>Continuing operations</u> £	<u>Discontinued operations</u> £	<u>1997</u> <u>Total</u> £
TURNOVER	2	2,260,825	2,395,079	4,655,904	3,738,630	6,043,955	9,782,585
OTHER OPERATING CHARGES		(48,624)	(773,650)	(822,274)	(1,143,886)	(2,123,642)	(3,267,528)
INTEREST PAYABLE	4	(1,466,117)	(1,226,870)	(2,692,987)	(2,334,708)	(2,731,433)	(5,066,141)
OPERATING PROFIT		746,084	394,559	1,140,643	260,036	1,188,880	1,448,916
GAIN ON SALE OF DISCONTINUED OPERATIONS	5	-	8,857,570	8,857,570	-	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>746,084</u>	<u>9,252,129</u>	9,998,213	<u>260,036</u>	<u>1,188,880</u>	1,448,916
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6			(2,810,609)			407,111
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				7,187,604			1,856,207
DIVIDEND DECLARED				(7,250,000)			(1,900,000)
				(62,396)			(43,973)
RETAINED PROFIT BROUGHT FORWARD				91,357			135,330
RETAINED PROFIT CARRIED FORWARD				<u>28,961</u>			<u>91,357</u>

There are no recognised gains and losses other than the profit for the year.

The notes on pages 5 to 7 form part of these accounts.

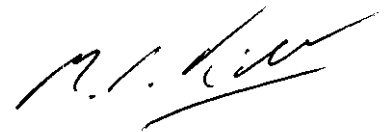
LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

AT 31ST MARCH 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors: Due within one year	7	12,854,054	40,391,754
Due after more than one year	7	16,421,009	65,816,274
		<hr/> 29,275,063	<hr/> 106,208,028
CREDITORS: Amounts falling due within one year	8	(16,655,902)	(81,596,110)
NET CURRENT ASSETS		<hr/> 12,619,161	<hr/> 24,611,918
PROVISIONS FOR LIABILITIES AND CHARGES	9	(11,313,000)	(13,714,000)
ACCRUALS AND DEFERRED INCOME	10	(1,277,100)	(10,806,461)
NET ASSETS		<hr/> <hr/> 29,061	<hr/> <hr/> 91,457
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	100	100
PROFIT AND LOSS ACCOUNT		<hr/> 28,961	<hr/> 91,357
SHAREHOLDERS' FUNDS		<hr/> <hr/> 29,061	<hr/> <hr/> 91,457

The notes on pages 5 to 7 form part of the accounts.



M. P. KILBEE
Director

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention:

The accounts are prepared under the historical cost convention 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 Financial Reporting Standard 1 is included in the accounts of the holding company, Lloyds TSB Group plc.

The company is exempted from reporting intra-group related party transactions in accordance with Financial Reporting Standard 8 because it is wholly owned by Lloyds UDT Limited.

(b) Deferred Income:

Leasing income is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

(c) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements.

During the year aggregate receivables were £32,025,702 (1997, £51,988,246) and the cost of assets acquired was £1,333,305 (1997, £22,422,252).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following have been taken into account on arriving at the profit:

	<u>1998</u> £	<u>1997</u> £
Audit fee	6,000	6,000
Bad and doubtful debts credit	(156,340)	(159,210)
Directors' emoluments	-	-

4. INTEREST PAYABLE

On loan from intermediate parent company	2,692,987	5,062,878
Inland Revenue	-	3,263
	<u>2,692,987</u>	<u>5,066,141</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

5. GAIN ON SALE OF DISCONTINUED OPERATIONS	<u>1998</u> £	<u>1997</u> £
Gain on sale of sales aid finance assets	<u>8,857,570</u>	<u>-</u>
6. TAXATION		
Current year:		
Corporation tax at 31% (1997, 33%)	5,152,370	2,668,823
Transfer from deferred taxation	(2,344,506)	(3,076,201)
Notional taxation charge on regional development grants	-	267
	<u>2,807,864</u>	<u>(407,111)</u>
Previous year adjustments:		
Corporation tax	305,920	(1,841,869)
Group relief	(246,681)	1,843,668
Deferred Tax	(56,494)	(1,799)
	<u>2,810,609</u>	<u>(407,111)</u>

The benefit of £285,000 in the current year tax charge arises from the reduction in the rate at which deferred taxation is provided.

7. DEBTORS	<u>1998</u>		<u>1997</u>	
	Due within one year <u>£</u>	Due after more than one year <u>£</u>	Due within one year <u>£</u>	Due after more than one year <u>£</u>
Trade debtors:				
Rentals receivable under leasing contracts less provisions	12,854,054	16,421,009	40,371,804	65,816,274
Other debtors	-	-	19,950	-
	<u>12,854,054</u>	<u>16,421,009</u>	<u>40,391,754</u>	<u>65,816,274</u>

8. CREDITORS: amounts falling due within one year	<u>1998</u> £	<u>1997</u> £
Amounts owed to intermediate parent company and fellow subsidiary companies	3,361,155	74,947,972
Trade creditors	-	323,649
Other creditors	834,346	1,310,128
Dividend proposed	7,250,000	1,900,000
Corporation tax payable	5,152,370	2,454,361
Group relief payable	58,031	660,000
	<u>16,655,902</u>	<u>81,596,110</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:	£
Balance at 31st March 1997	13,714,000
Transfer to profit and loss account	(2,401,000)
	<hr/>
Balance at 31st March 1998	11,313,000
	<hr/>

The amounts provided at 31st March 1998 and 1997 were the full potential liabilities and were attributable to accelerated capital allowances.

	<u>1998</u>	<u>1997</u>
	£	£
10. ACCRUALS AND DEFERRED INCOME		
Unearned leasing income	1,276,757	10,805,445
Unearned insurance commission	343	1,016
	<hr/>	<hr/>
	1,277,100	10,806,461
	<hr/>	<hr/>

11. SHARE CAPITAL

Authorised:		
1,000,000 shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called-up and fully paid:		
100 shares of £1 each	<u>100</u>	<u>100</u>

12. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 12th January 1999.

13. PARENT COMPANIES

The company's ultimate parent company is Lloyds TSB Group Plc. A copy of its group accounts can be obtained from Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

The company's intermediate parent company is Lloyds UDT Limited. A copy of its group accounts can be obtained from Lloyds UDT Limited, 51 Holdenhurst Road, Bournemouth BH8 8EP.