

2/N

69104/40:

LLOYDS BOWMAKER RENTALS LIMITED  
REPORT OF THE DIRECTORS AND ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 1986

CH. 12

30 APR 1987

MF

LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

S. Maran  
A. G. Glass

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1986, 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 £1,200,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing of plant and vehicles to customers.

BUSINESS REVIEW

Both the level of business and the year end financial position were satisfactory. The directors expect the level of activity to be maintained.

DIRECTORS

The directors listed above were directors throughout the year.

None of the directors held a beneficial interest in the shares of the company during the year.

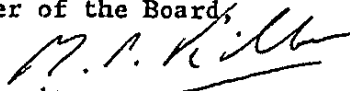
The interests of the directors who held office at 31st March 1986 in the ordinary shares of £1 each of Lloyds Bank Plc and options to subscribe for shares were as follows:

	<u>31.03.86</u>		<u>01.04.85</u>
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>
S. Maran	2,074	4,950	922
A. G. Glass	594	-	396

AUDITORS

A resolution for the re-appointment of Price Waterhouse as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board,

  
Secretary

19<sup>th</sup> March 1987

Edinburgh

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

We have audited the accounts on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31st March 1986 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse*

19 March 1987.

PRICE WATERHOUSE

Chartered Accountants

28 Drumsheugh Gardens  
EDINBURGH EH3 7RN

LLOYDS BOWMAKER RENTALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1986

	<u>Notes</u>	<u>1986</u> £	<u>1985</u> £
TURNOVER	2	2,706,916	859,345
OTHER OPERATING COSTS		(1,198,437)	(75,147)
INTEREST PAYABLE	4	(1,031,005)	(430,333)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	477,474	353,865
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	534,736	(115,811)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,012,210	238,054
PROPOSED DIVIDEND		(1,200,000)	-
		(187,790)	238,054
RETAINED PROFIT BROUGHT FORWARD		239,046	992
RETAINED PROFIT CARRIED FORWARD		51,256	239,046

The notes on pages 6 to 9 form part of the accounts.

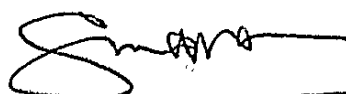
LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

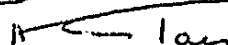
AT 31ST MARCH 1986

	<u>Notes</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
<b>CURRENT ASSETS</b>			
Debtors: Due within one year	6	39,685,751	3,385,194
Due after more than one year	6	71,595,202	1,522,990
		<u>111,280,953</u>	<u>4,908,184</u>
CREDITORS: Amounts falling due within one year	7	(75,954,331)	(4,064,533)
		<u>35,326,622</u>	<u>843,651</u>
<b>NET CURRENT ASSETS</b>			
		<u>35,326,622</u>	<u>843,651</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES AND CHARGES	8	(11,000,000)	(250,000)
ACCRUALS AND DEFERRED INCOME	9	(24,275,266)	(354,505)
		<u>51,356</u>	<u>239,146</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
CALLED UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		<u>51,256</u>	<u>239,046</u>
		<u>51,356</u>	<u>239,146</u>

The notes on pages 6 to 9 form part of the accounts.



Director



Director

LLOYDS BOWMAKER RENTALS LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST MARCH 1986

	<u>1986</u>	<u>1985</u>
	£	£
<b>SOURCE OF FUNDS:</b>		
Profit on ordinary activities before taxation	477,474	353,865
Notional tax credited in respect of regional development grants	(53,790)	-
<b>TOTAL GENERATED FROM OPERATIONS</b>	<u>423,684</u>	<u>353,865</u>
<b>APPLICATION OF FUNDS:</b>		
Group relief paid	780,811	440,600
<b>DECREASE IN WORKING CAPITAL</b>	<u>(357,127)</u>	<u>(86,735)</u>
<b>ANALYSED AS FOLLOWS:</b>		
Increase (decrease) in trade and other debtors less deferred income	69,694,652	(3,447,090)
Increase (decrease) in amount owed by group companies	1,418,830	(3,715,589)
Increase in trade and other creditors	(10,680,598)	(29,736)
(Increase) decrease in amounts owed to group companies	(57,682,202)	7,121,928
	<u>2,750,682</u>	<u>(70,487)</u>
<b>MOVEMENT IN NET LIQUID FUNDS:</b>		
Increase in bank overdraft	(3,107,809)	(16,248)
	<u>(357,127)</u>	<u>(86,735)</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention:

The accounts are prepared under the historical cost convention.

(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. Where leases are affected by the changes in rates of corporation tax in the Finance Act 1984, application of this policy includes initial adjustment of the deferred income on leasing rentals receivable, by transferring from the deferred taxation the appropriate proportion of tax relief obtained.

(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. For new leases the corporation tax rate is that at which relief on the timing differences initially arises, with the transfer referred to under deferred income above adjusting the deferred taxation provision to the amount expected to be required when those timing differences reverse (See note 8).

(d) Regional Development Grants:

Grants receivable, which are not subject to taxation, are credited to the profit and loss account in proportion to the net investment in the leases in each period, and are grossed up at the current rate of corporation tax, the notional amount of taxation being included as part of the taxation charge.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements, including the amount of grossing up of regional development grants in respect of notional taxation.

During the year aggregate receivables were £8,065,539 (1985, £5,429,624) and the cost of assets acquired was £77,702,586 (1985 £929,189).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1986</u> £	<u>1985</u> £
The following have been taken into account in arriving at the profit:		
Audit fee	5,820	2,100
Directors emoluments	-	-
Notional tax credit on regional development grants	53,790	-
Notional credit to leasing income from the effect of the Finance Act 1984	409,809	-

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

	<u>1986</u> £	<u>1985</u> £
4. INTEREST		
On loan from group companies	1,028,423	428,835
On bank overdraft and loans repayable within five years	2,582	1,498
	<u>1,031,005</u>	<u>430,333</u>

5. TAXATION

Current year:

Group relief (receivable) payable at 41½%

(13,249,855) 780,811

Transfer to (from) deferred taxation

12,661,329 (665,000)

Notional taxation charge on regional development grants

53,790 -

(534,736) 115,811

The taxation credit for the year has arisen as a result of the benefit of £400,000 from group relief receivable at a higher rate than the corporation tax rate in force for the year (40%) and the benefit of £325,000 relating to the provision of deferred taxation at a lower rate.

6. DEBTORS

	<u>1986</u>		<u>1985</u>	
	Due within <u>one year</u>	Due after more than <u>one year</u>	Due within <u>one year</u>	Due after more than <u>one year</u>
	£	£	£	£
Amounts owed by group company:				
Lloyds Bowmaker Limited (immediate holding company)	1,418,830	-	-	-
Trade debtors:				
Rentals receivable under leasing contracts less provisions	24,828,140	71,595,202	3,331,783	1,522,990
Other debtors	188,926	-	53,411	-
Group relief receivable	13,249,855	-	-	-
	<u>39,685,751</u>	<u>71,595,202</u>	<u>3,385,194</u>	<u>1,522,990</u>



LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

7. CREDITORS: amounts falling due within one year	<u>1986</u> £	<u>1985</u> £
Amounts owed to group companies:		
Lloyds Bowmaker Finance Limited (intermediate holding company)	27,746,884	2,959,160
Lloyds Bowmaker Leasing Limited (fellow subsidiary company)	32,895,373	-
Lloyds Bowmaker Limited (immediate holding company)	-	895
Amount payable for group relief	-	780,811
	<u>60,642,257</u>	<u>3,740,866</u>
Bank overdraft	3,153,549	45,740
Trade creditors	10,958,151	117,457
Other creditors	374	160,470
Dividend payable	1,200,000	-
	<u>75,954,331</u>	<u>4,064,533</u>
8. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation:		£
Balance at 31st March 1985		250,000
Transfer from Profit and Loss Account		12,661,329
Tax benefit on leasing transferred to unearned leasing income		<u>(1,911,329)</u>
Balance at 31st March 1986		<u>11,000,000</u>
The amounts provided at 31st March 1986 and 1985 were the full potential liabilities and were attributable to accelerated capital allowances.		
9. ACCRUALS AND DEFERRED INCOME		
	<u>1986</u> £	<u>1985</u> £
Unearned leasing income	<u>24,275,266</u>	<u>354,505</u>
10. 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>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 19<sup>th</sup> March 1987

12. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Lloyds Bank Plc which is incorporated in Great Britain.