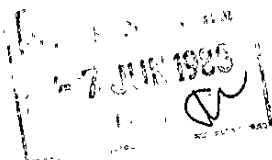


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LLOYDS BOWMAKER RENTALS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 1987



LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

S. Maran  
A. G. Glass

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1987, 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 £2,200,000 for the year.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The level of business in the year showed a reduction compared with the high level achieved in the previous year. The directors expect the level of activity to be maintained at a level higher than the current year. The year end financial position was considered to be satisfactory.

DIRECTORS

The directors listed above were directors throughout the year.

Neither of the directors held a beneficial interest in the shares of the company during the year.

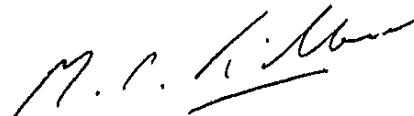
The interests of the directors who held office at 31st March 1987 in the ordinary shares of £1 each of Lloyds Bank Plc and options to subscribe for shares were as follows:

	<u>31.03.87</u>		<u>01.04.86</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
S. Maran	2,074	7,425	2,074	4,950
A. G. Glass	-	-	594	-

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

Edinburgh

11<sup>th</sup> May 1988.

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 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
28 Drumsheugh Gardens  
EDINBURGH EH3 7RN

11 May 1988

LLOYDS BOWMAKER RENTALS LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
TURNOVER	2	12,671,889	2,706,916
OTHER OPERATING COSTS		(2,112,568)	(1,198,437)
INTEREST PAYABLE	4	(7,242,839)	(1,031,005)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,316,482	477,474
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(1,107,195)	534,736
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,209,287	1,012,210
PROPOSED DIVIDEND		(2,200,000)	(1,200,000)
		9,287	(187,790)
RETAINED PROFIT BROUGHT FORWARD		51,256	239,046
RETAINED PROFIT CARRIED FORWARD		60,543	51,256

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

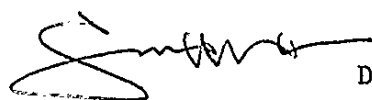
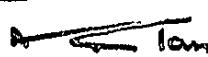
LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

AT 31ST MARCH 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
CURRENT ASSETS			
Debtors: Due within one year	6	39,538,332	39,685,751
Due after more than one year	6	45,415,250	71,595,202
		<u>84,953,582</u>	<u>111,280,953</u>
CREDITORS: Amounts falling due within one year	7	(62,889,837)	(75,954,331)
NET CURRENT ASSETS		<u>22,063,745</u>	<u>35,326,622</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,063,745	35,326,622
PROVISIONS FOR LIABILITIES AND CHARGES	8	(10,222,023)	(11,000,000)
ACCRUALS AND DEFERRED INCOME	9	(11,781,079)	(24,275,266)
NET ASSETS		<u>60,643</u>	<u>51,356</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		<u>60,543</u>	<u>51,256</u>
		<u>60,643</u>	<u>51,356</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 1987

	<u>1987</u>	<u>1986</u>
	£	£
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	3,316,482	477,474
Notional tax credited in respect of regional development grants	(122,219)	(53,790)
TOTAL GENERATED FROM OPERATIONS	<u>3,194,263</u>	<u>423,684</u>
APPLICATION OF FUNDS:		
Dividend paid	1,200,000	-
Group relief paid	-	780,811
INCREASE(DECREASE) IN WORKING CAPITAL	<u>1,994,263</u>	<u>(357,127)</u>
ANALYSED AS FOLLOWS:		
(Decrease) increase in trade and other debtors less deferred income	(14,400,410)	69,694,652
Increase in amount owed by group companies	1,045,923	1,418,830
Decrease (increase) in trade and other creditors	10,858,160	(10,680,598)
Decrease (increase) in amounts owed to group companies	1,337,041	(57,682,202)
	<u>(1,159,286)</u>	<u>2,750,682</u>
MOVEMENT IN NET LIQUID FUNDS:		
Decrease (increase) in bank overdraft	3,153,549	(3,107,809)
	<u>1,994,263</u>	<u>(357,127)</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 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 £27,536,807 (1986, £8,065,539) and the cost of assets acquired was £1,629,430 (1986, £77,702,586).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1987</u> £	<u>1986</u> £
The following have been taken into account in arriving at the profit:		
Audit fee	5,400	5,820
Directors emoluments	-	-
Notional tax credit on regional development grants	122,219	53,790
Notional credit to leasing income from the effect of the Finance Act 1984	493,918	409,809

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

	<u>1987</u> £	<u>1986</u> £		
4. INTEREST				
On loan from group companies	7,241,872	1,028,423		
On bank overdraft and loans repayable within five years	967	2,582		
	<u>7,242,839</u>	<u>1,031,005</u>		
5. TAXATION				
Current year:				
Corporation tax at 35%	1,284,256	-		
Group relief receivable at 41½%	341,928	(13,249,855)		
Transfer (from) to deferred taxation	(659,958)	12,661,329		
Notional taxation charge on regional development grants	122,219	53,790		
	<u>1,088,445</u>	<u>(534,736)</u>		
Adjustments for previous year:				
Group relief	123,750	-		
Deferred taxation	(105,000)	-		
	<u>1,107,195</u>	<u>(534,736)</u>		
6. DEBTORS	<u>1987</u>	<u>1986</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	-
Lloyds Bowmaker Leasing Limited (fellow subsidiary company)	2,459,629	-	-	-
Lloyds Bowmaker Development Limited (fellow subsidiary company)	5,124	-	-	-
Trade debtors:				
Rentals receivable under leasing contracts less provisions	24,289,402	45,415,250	24,828,140	71,595,202
Other debtors	-	-	188,926	-
Group relief receivable	12,784,177	-	13,249,855	-
	<u>39,538,332</u>	<u>45,415,250</u>	<u>39,685,751</u>	<u>71,595,202</u>



LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

7. CREDITORS: amounts falling due within one year	<u>1987</u> £	<u>1986</u> £
Amounts owed to group companies:		
Lloyds Bowmaker Finance Limited (intermediate holding company)	58,186,363	27,746,884
Lloyds Bowmaker Leasing Limited (fellow subsidiary company)	-	32,895,373
Lloyds Bowmaker Limited (immediate holding company)	1,118,853	-
	<hr/> 59,305,216	<hr/> 60,642,257
Bank overdraft	-	3,153,549
Trade creditors	99,989	10,958,151
Other creditors	376	374
Dividend payable	2,200,000	1,200,000
Corporation tax payable	1,284,256	-
	<hr/> <hr/> 62,889,837	<hr/> <hr/> 75,954,331
8. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation:		£
Balance at 31st March 1986		11,000,000
Transfer to Profit and Loss Account		(764,958)
Tax benefit on leasing transferred to unearned leasing income		(13,019)
Balance at 31st March 1987		<hr/> <hr/> 10,222,023
The amounts provided at 31st March 1987 and 1986 were the full potential liabilities and were attributable to accelerated capital allowances.		
9. ACCRUALS AND DEFERRED INCOME	<u>1987</u> £	<u>1986</u> £
Unearned leasing income	<hr/> 11,781,079	<hr/> 24,275,266
10. SHARE CAPITAL		
Authorised:		
1,000,000 shares of £1 each	<hr/> 1,000,000	<hr/> 1,000,000
Allotted, called up and fully paid:		
100 shares of £1 each	<hr/> 100	<hr/> 100

LLOYDS LOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 11<sup>th</sup> May 1988.

12. ULTIMATE HOLDING COMPANY

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