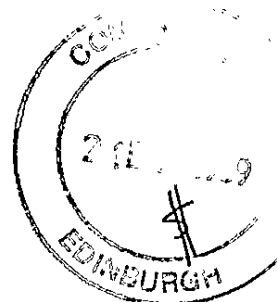


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LLOYDS BOWMAKER RENTALS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1989



LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

D. A. Baggaley
A. G. Glass

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1989, 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 £950,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

There has been a significant increase in the level of business transacted during the year and the year end financial position was satisfactory. The directors anticipate continuation of the current level of activity.

DIRECTORS

Mr S. Maran resigned on 15th February 1989 and Mr D. A. Baggaley was appointed on the same date. Mr A. G. Glass was a director 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 in shares and options to subscribe for shares in other group companies were as follows:

	<u>At 31.3.89</u>		<u>At 1.4.88</u>	
	<u>Shares</u>	<u>Options</u>	<u>or date of appointment</u> <u>Shares</u>	<u>Options</u>
In the ordinary shares of £1 each of Lloyds Bank Plc:				
D. A. Baggaley	-	-	-	-
A. G. Glass	1,469	2,390	-	-
In the ordinary shares of 5p each of Lloyds Abbey Life Plc:				
D. A. Baggaley	2,000	70,122	2,000	70,122
A. G. Glass	-	-	-	-

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
20th October 1989

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

We have audited the accounts on pages 3 to 8 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 March 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
28 Drumsheugh Gardens
Edinburgh EH3 7RN
20th October 1989

LLOYDS BOWMAKER RENTALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER	2	11,777,451	6,993,737
OTHER OPERATING COSTS		(3,400,922)	(2,644,401)
INTEREST PAYABLE	4	(6,972,819)	(3,577,471)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,403,710	771,865
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(493,585)	(271,815)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		910,125	500,050
PROPOSED DIVIDEND		(950,000)	(500,000)
		(39,875)	50
RETAINED PROFIT BROUGHT FORWARD		60,593	60,543
RETAINED PROFIT CARRIED FORWARD		20,718	60,593

The notes on pages 6 to 8
form part of the accounts.

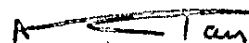
LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

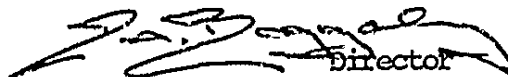
AT 31ST MARCH 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
CURRENT ASSETS			
Debtors: Due within one year	6	73,609,075	43,232,358
Due after more than one year	6	100,409,937	71,230,656
		<u>174,019,012</u>	<u>114,463,014</u>
CREDITORS: Amounts falling due within one year	7	(125,971,651)	(81,105,475)
NET CURRENT ASSETS		<u>48,047,361</u>	<u>33,357,539</u>
PROVISIONS FOR LIABILITIES AND CHARGES	8	(14,114,000)	(11,335,000)
ACCRUALS AND DEFERRED INCOME	9	(33,912,543)	(21,961,846)
NET ASSETS		<u>20,818</u>	<u>60,693</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		<u>20,718</u>	<u>60,593</u>
		<u>20,818</u>	<u>60,693</u>

The notes on pages 6 to 8 form part of the accounts.

A. Tan

Director

J. J. Tan
Director

LLOYDS BOWMAKER RENTALS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST MARCH 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	1,403,710	771,865
Notional tax credited in respect of regional development grants	<u>(82,395)</u>	<u>(65,207)</u>
TOTAL GENERATED FROM OPERATIONS	1,321,315	706,658
FUNDS FROM OTHER SOURCES:		
Group relief received	<u>747,475</u>	<u>12,359,105</u>
	<u>2,068,790</u>	<u>13,065,763</u>
APPLICATION OF FUNDS:		
Dividend paid	500,000	2,200,000
Corporation tax paid	<u>-</u>	<u>700,000</u>
INCREASE IN WORKING CAPITAL	<u>1,568,790</u>	<u>10,165,763</u>
ANALYSED AS FOLLOWS:		
Increase in trade and other debtors less deferred income	43,381,026	32,998,792
Increase (decrease) in amounts owed by group companies	2,603,940	(1,633,135)
	(12,249,973)	(7,202,533)
Increase in trade and other creditors	(32,166,203)	(13,997,361)
Increase in amounts owed to group companies	<u>1,568,790</u>	<u>10,165,763</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.

(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.

(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 £44,941,808 (1988, £23,565,574) and the cost of assets acquired was £81,572,858 (1988, £55,767,544).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1989</u> £	<u>1988</u> £
Audit fee	<u>5,000</u>	<u>5,000</u>
Directors' emoluments	<u>-</u>	<u>-</u>
Notional tax credit on regional development grants	<u>82,395</u>	<u>65,207</u>

4. INTEREST

On loan from group company	6,972,781	3,575,726
On other loans repayable within five years	<u>38</u>	<u>1,735</u>
	<u>6,972,819</u>	<u>3,577,471</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

5. TAXATION

	<u>1989</u>	<u>1988</u>
	£	£
Current year:		
Group relief receivable at 35%	(2,367,520)	(908,485)
Transfer to deferred taxation	2,779,000	1,112,977
Notional taxation charge on regional development grants	82,395	65,207
	<u>493,875</u>	<u>269,699</u>
Adjustments for previous year:		
Group relief	(290)	586,372
Corporation tax	-	(584,256)
	<u>493,585</u>	<u>271,815</u>

6. DEBTORS

	<u>1989</u>		<u>1988</u>	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Amounts owed by group companies:				
Lloyds Bowmaker Limited (immediate holding company)	1,639,350	-	829,508	-
Fellow subsidiary companies	1,796,208	-	2,110	-
Trade debtors:				
Rentals receivable under leasing contracts less provisions	67,285,436	100,409,937	41,644,214	71,230,656
Other debtors	520,561	-	9,341	-
Group relief receivable	2,367,520	-	747,185	-
	<u>73,609,075</u>	<u>100,409,937</u>	<u>43,232,358</u>	<u>71,230,656</u>

7. CREDITORS: amounts falling due within one year

	<u>1989</u>	<u>1988</u>
	£	£
Amounts owed to group companies:		
Lloyds Bowmaker Finance Limited (intermediate holding company)	104,042,267	70,636,105
Fellow subsidiary companies	1,426,513	2,666,472
Trade creditors	18,404,364	6,684,884
Other creditors	1,148,507	618,014
Dividend payable	950,000	500,000
	<u>125,971,651</u>	<u>81,105,475</u>

LLOYDS BOWMAKER RENTALS LIMITED

NOTES TO THE ACCOUNTS

8. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1988</u>
Deferred Taxation:	£
Balance at 31st March 1988	11,335,000
Transfer from profit and loss account	2,779,000
	<hr/>
Balance at 31st March 1989	14,114,000
	<hr/>

The amounts provided at 31st March 1989 and 1988 were the full potential liabilities and were attributable to accelerated capital allowances.

9. ACCRUALS AND DEFERRED INCOME

	<u>1989</u>	<u>1988</u>
	£	£
Unearned leasing income	33,912,543	21,961,846
	<hr/>	<hr/>

10. SHARE CAPITAL

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

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 20th October 1989.

12. ULTIMATE HOLDING COMPANY

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