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LLOYDS BOWMAKER RENTALS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1988

LLOYDS BOWMAKER RENTALS LIMITED

DIRECTORS

S. Maran
A. G. Glass

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st March 1988, 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 £500,000 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 level of activity.

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 1988 in the ordinary shares of £1 each of Lloyds Bank Plc and options to subscribe for shares were as follows:

	31.03.88		01.04.87	
	Shares	Options	Shares	Options
S. Maran	3,148	32,387	2,074	7,425
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,

M. C. [illegible]

Secretary

Edinburgh
22nd December 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 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
28 Drumsheugh Gardens
Edinburgh EH3 7RN
22nd December 1988

LLOYDS BOWMAKER RENTALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1988

	Notes	1988 £	1987 £
TURNOVER	2	6,993,737	12,671,889
OTHER OPERATING COSTS		(2,644,401)	(2,112,568)
INTEREST PAYABLE	4	(3,577,471)	(7,242,839)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	771,865	3,316,482
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(271,815)	(1,107,195)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		500,050	2,209,287
PROPOSED DIVIDEND		(500,000)	(2,200,000)
		50	9,287
RETAINED PROFIT BROUGHT FORWARD		60,543	51,256
RETAINED PROFIT CARRIED FORWARD		60,593	60,543

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

LLOYDS BOWMAKER RENTALS LIMITED

BALANCE SHEET

AT 31ST MARCH 1988

	Notes	1988 £	1987 £
CURRENT ASSETS			
Debtors: Due within one year	6	43,232,358	39,538,332
Due after more than one year	6	71,230,656	45,415,250
		114,463,014	84,953,582
CREDITORS: Amounts falling due within one year	7	(81,105,475)	(62,889,837)
NET CURRENT ASSETS		33,357,539	22,063,745
TOTAL ASSETS LESS CURRENT LIABILITIES		33,357,539	22,063,745
PROVISIONS FOR LIABILITIES AND CHARGES	8	(11,335,000)	(10,222,023)
ACCRUALS AND DEFERRED INCOME	9	(21,961,846)	(11,781,079)
NET ASSETS		60,693	60,643
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	100	100
PROFIT AND LOSS ACCOUNT		60,593	60,543
		60,693	60,643

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 1988

	1988 £	1987 £
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	771,865	3,316,482
Notional tax credited in respect of regional development grants	(65,207)	(122,219)
TOTAL GENERATED FROM OPERATIONS	706,658	3,194,263
FUNDS FROM OTHER SOURCES:		
Group relief received	12,359,105	-
	13,065,763	3,194,263
APPLICATION OF FUNDS:		
Dividend paid	2,200,000	1,200,000
Corporation tax paid	700,000	-
INCREASE IN WORKING CAPITAL	10,165,763	1,994,263
ANALYSED AS FOLLOWS:		
Increase (decrease) in trade and other debtors less deferred income	32,998,792	(14,400,410)
(Decrease) increase in amount owed by group companies	(1,633,135)	1,045,923
(Increase) decrease in trade and other creditors	(7,202,533)	10,858,160
(Increase) decrease in amounts owed to group companies	(13,997,361)	1,337,041
	10,165,763	(1,159,286)
MOVEMENT IN NET LIQUID FUNDS:		
Decrease in bank overdraft	-	3,153,549
	10,165,763	1,994,263

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 forseeable 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 £23,565,574 (1987,£27,536,807) and the cost of assets acquired was £55,767,544 (1987, £1,629,430).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following have been taken into account on arriving at the profit:	1988 £	1987 £
Audit fee	5,000	5,400
Directors emoluments	-	-
Notional tax credit on regional development grants	65,207	122,219
Notional credit to leasing income from the effect of the Finance Act 1984	272,721	493,918

4. INTEREST

	1988 £	1987 £
On loan from group company	3,575,736	7,241,872
On bank overdraft and loans repayable within five years	1,735	967
	3,577,471	7,242,839

5. TAXATION

Current year:		
Corporation tax at 35%	-	1,284,256
Group relief (receivable) payable at 35%	(908,485)	341,928
Transfer to (from) deferred taxation	1,112,977	(659,958)
Notional taxation charge on regional development grants	65,207	122,219
	269,699	1,088,445
Adjustments for previous year:		
Group relief	586,372	123,750
Deferred taxation	-	(105,000)
Corporation tax	(584,256)	-
	271,815	1,107,195

6. DEBTORS

	1988		1987	
	Due within one year £	Due after more than one year £	Due within one year £	Due after more than one year £
Amounts owed by group company:				
Lloyds Bowmaker Limited (immediate holding company)	829,508	-	-	-
Lloyds Bowmaker Leasing Limited (fellow subsidiary company)	-	-	2,459,629	-
Lloyds Bowmaker Development Limited (fellow subsidiary company)	-	-	5,124	-
Lloyds Bowmaker Equipment Leasing Limited (fellow subsidiary company)	2,110	-	-	-
Trade debtors:				
Rentals receivable under leasing contracts less provisions	41,644,214	71,230,656	24,289,402	45,415,250
Other debtors	9,341	-	-	-
Group relief receivable	747,185	-	12,784,177	-
	43,232,358	71,230,656	39,538,332	45,415,250

7. CREDITORS: amounts falling due within one year	1988 £	1987 £
Amounts owed to group companies:		
Lloyds Bowmaker Finance Limited (intermediate holding company)	70,636,105	58,186,363
Lloyds Bowmaker Leasing Limited (fellow subsidiary company)	2,663,307	-
Lloyds Bowmaker Limited (immediate holding company)	-	1,118,853
Caledonian Equipment Rentals Limited (fellow subsidiary company)	3,165	-
	73,302,577	59,305,216
Trade creditors	6,684,884	99,989
Other creditors	618,014	376
Dividend payable	500,000	2,200,000
Corporation tax payable	-	1,284,256
	81,105,475	62,889,837

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:	£
Balance at 31st March 1987	10,222,023
Transfer to profit and Loss Account	1,112,977
Balance at 31st March 1988	11,335,000

The amounts provided at 31st March 1988 and 1987 were the full potential liabilities and were attributable to accelerated capital allowances.

9. ACCRUALS AND DEFERRED INCOME	1988 £	1987 £
Unearned leasing income	21,961,846	11,781,079

10. SHARE CAPITAL

Authorised: 1,000,000 shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid: 100 shares of £1 each	100	100

11. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 22nd December 1988.

12. ULTIMATE HOLDING COMPANY

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