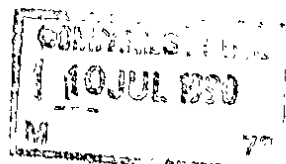


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LLOYDS BOWMAKER LEASING LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1989



LLOYDS BOWMAKER LEASING LIMITED

DIRECTORS

D. A. Baggaley
A. G. Glass
P. F. Hook

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 30th September 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. No dividend is payable for the year.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The level of business for the year was satisfactory and the directors expect that the level of activity will be maintained for the foreseeable future.

FINANCIAL POSITION

The adverse balance on profit and loss account results from the extraordinary charge of £41,239,802 in the accounts for the year ended 30th September 1984 due to the changes in capital allowances and rates of corporation tax introduced by the Finance Act 1984. Retained profits at 30th September 1983 amounted to £705,135 after charging dividends of £46,000,000.

In recognition of this situation Lloyds Bowmaker Limited has confirmed that it will provide such financial assistance as is necessary to maintain the company as a going concern.

DIRECTORS

Mr A. G. Glass and Mr P. F. Hook were directors throughout the year. Mr S. Maran resigned on 15th February 1989 and Mr D. A. Baggaley was appointed on that date.

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

DIRECTORS (Continued)

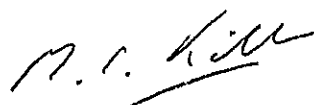
The interests of the directors in shares and options to subscribe for shares in other group companies were as follows:-

	<u>30.9.89</u>		<u>At 1.10.88</u> <u>or date of appointment</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
In the ordinary shares of £. each of Lloyds Bank Plc:				
D. A. Baggaley	-	-	-	-
A. G. Glass	2,867	2,390	1,443	2,390
P. F. Hook	1,196	478	1,140	478
In the ordinary shares of 5p each of Lloyds Abbey Life plc:				
D. A. Baggaley	2,000	90,767	2,000	67,880
A. G. Glass	-	-	-	-
P. F. Hook	-	-	-	-

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
30th May 1990

REPORT OF THE AUDITORS TO THE MEMBERS OF

LLOYDS BOWMAKER LEASING LIMITED

We have audited the accounts on pages 4 to 10 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 30th September 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
30th May 1990

LLOYDS BOWMAKER LEASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER	3	18,307,257	19,978,340
OTHER OPERATING EXPENSES		(4,718,991)	(7,808,921)
INTEREST PAYABLE	5	<u>(12,448,043)</u>	<u>(9,046,465)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,140,223	3,122,954
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(396,653)</u>	<u>(1,122,625)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		743,570	2,000,329
ADVERSE BALANCE BROUGHT FORWARD		<u>(16,105,965)</u>	<u>(18,106,294)</u>
ADVERSE BALANCE CARRIED FORWARD		<u>(15,362,395)</u>	<u>(16,105,965)</u>

The notes on pages 7 to 10
form part of these accounts.

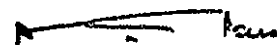
LLOYDS BOWMAKER LEASING LIMITED

BALANCE SHEET

AT 30TH SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
CURRENT ASSETS:			
Debtors: Due within one year	7	77,800,252	76,189,134
Due after more than one year	7	96,300,892	115,044,364
		<u>174,101,144</u>	<u>191,233,498</u>
CREDITORS: Amounts falling due within one year	8	(133,786,629)	(136,495,194)
NET CURRENT ASSETS		<u>40,314,515</u>	<u>54,738,304</u>
CREDITORS: Amounts falling due after more than one year	9	-	(7,227,270)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(17,440,000)	(22,720,000)
ACCRUALS AND DEFERRED INCOME	11	(31,736,810)	(34,396,899)
NET LIABILITIES		<u>(8,862,295)</u>	<u>(9,605,865)</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	12	6,500,100	6,500,100
PROFIT AND LOSS ACCOUNT		(15,362,395)	(16,105,965)
		<u>(8,862,295)</u>	<u>(9,605,865)</u>

The notes on pages 7 to 10
form part of these accounts.



Director



Director

LLOYDS LOWMAKER LEASING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS:		
Profit on ordinary activities before taxation	1,140,223	3,122,954
Adjustment for items not involving the movement of funds:		
Notional tax credited in respect of regional development grants	(73,181)	(159,774)
TOTAL GENERATED FROM OPERATIONS	1,067,042	2,963,180
APPLICATION OF FUNDS:		
Corporation tax paid	(223,775)	-
Group relief paid	(7,520,847)	(7,754,789)
DECREASE IN WORKING CAPITAL	(6,677,580)	(4,791,609)
ANALYSED AS FOLLOWS:		
Decrease in debtors less deferred income	(20,216,106)	(10,327,185)
Increase (decrease) in amount owed by fellow subsidiaries	5,743,841	(460,363)
Decrease in trade and other creditors	4,246,102	1,762,095
Decrease in amount owed to group companies	10,511,127	6,248,826
	284,964	(2,776,627)
MOVEMENT IN NET LIQUID FUNDS:		
Increase in bank overdraft	(6,962,544)	(2,014,982)
	(6,677,580)	(4,791,609)

LLOYDS BOWMAKER LEASING LIMITED

NOTES TO THE ACCOUNTS

1. FINANCIAL POSITION

The adverse balance on profit and loss account results from the extraordinary charge of £41,239,802 in the accounts for the year ended 30th September 1984 due to changes in capital allowances and rates of corporation tax introduced by the Finance Act 1984. Retained profits at 30th September 1983 amounted to £705,135 after charging dividends of £46,000,000.

In recognition of this situation Lloyds Bowmaker Limited has confirmed that it will provide such financial assistance as is necessary to maintain the company as a going concern.

2. 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. With effect from 1st October 1988 the method used to recognise leasing income has been revised to incorporate dealer commission in the calculation of net funds invested. The effect of this revision is to reduce the amount of unearned leasing income carried forward at 30th September 1989 on all outstanding leasing contracts by £66,630.

(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 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.

3. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements, including the amount of the grossing up of regional development grants in respect of notional taxation. Leasing income is stated net of rentals payable to head lessors in respect of onward leasing business.

During the year aggregate receivables were £83,587,501 (1988, £92,589,086) and the cost of assets acquired was £39,184,579 (1988, £58,729,919).

LLOYDS BOWMAKER LEASING LIMITED

NOTES TO THE ACCOUNTS

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

Audit fee

Directors' emoluments

Notional tax credit on regional development
grants

1989
£

1988
£

40,000

40,000

-

-

73,181

159,774

5. INTEREST PAYABLE

On loans from group companies
On bank overdraft and loans repayable
within five years

12,448,043

9,046,432

-

33

12,448,043

9,046,465

6. TAXATION

Current year:
Corporation tax at 35%
Group relief at 35%
Transfer from deferred taxation
Notional taxation charge on regional
development grants

2,081,576
3,532,050
(5,276,525)

6,913,842
-
(5,944,145)

73,181

159,774

410,282

1,129,471

Adjustments for previous years:
Corporation tax
Group relief
Deferred taxation

(2,835,047)
2,824,893
(3,475)

(7,407,922)
7,486,931
(85,855)

396,653

1,122,625

LLOYDS BOWMAKER LEASING LIMITED

NOTES TO THE ACCOUNTS

7. DEBTORS

	<u>1989</u>		<u>1988</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 companies:			
Fellow subsidiary companies	6,245,408	-	501,567
Trade debtors	61,452,455	96,300,892	69,918,508
Other debtors	10,102,389	-	5,769,059
	<u>77,800,252</u>	<u>96,300,892</u>	<u>76,189,134</u>
			<u>115,044,364</u>

8. 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)	103,865,927	110,377,127
Lloyds Bowmaker Limited (Immediate holding company)	95,494	891,036
Fellow subsidiary companies	27,056	2,918,013
	<u>103,988,477</u>	<u>114,186,176</u>
Bank overdraft	9,656,088	2,693,544
Trade creditors	3,549,621	12,128,543
Other creditors	4,332,820	-
Group relief payable	6,323,027	7,486,931
Corporation tax payable	5,936,596	-
	<u>133,786,629</u>	<u>136,495,194</u>

9. CREDITORS: Amounts falling due after more than one year

Amounts owed to fellow subsidiaries	-	313,428
Corporation tax payable	-	6,913,842
	<u>-</u>	<u>7,227,270</u>

LLOYDS POWMAKER LEASING LIMITED

NOTES TO THE ACCOUNTS

10. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred Taxation:	
Balance at 30th September 1988	22,720,000
Transfer to Profit and Loss Account	(5,280,000)
Balance at 30th September 1989	<u>17,440,000</u>

The amounts provided at 30th September 1989 and 30th September 1988 are the full potential liabilities and are attributable to accelerated capital allowances.

11. ACCRUALS AND DEFERRED INCOME	<u>1989</u>	<u>1988</u>
	£	£
Unearned leasing income	<u>31,736,810</u>	<u>34,396,899</u>

12. SHARE CAPITAL

Authorised, allotted, called-up and fully paid:		
6,500,100 ordinary shares of £1 each	<u>6,500,100</u>	<u>6,500,100</u>

13. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 30th May 1990.

14. ULTIMATE HOLDING COMPANY

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