

LLOYDS LEASING
(NORTH SEA TRANSPORT)
LIMITED

31 December 1994



LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED
203 Blackfriars Road London SE1 8NH

DIRECTORS

A E Moore CBE - Chairman
J A Davies
D H A Harrison
P B Miles (alternate: A R Foad)

SECRETARY

M R Hatcher

AUDITORS

Price Waterhouse

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

1107543

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

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

At the end of the year the cost of leased assets amounted to £102,501,000.

The company is a partner in a leasing partnership, North Sea Marine Leasing Company.

RESULTS

The profit after taxation for the year ended 31 December 1994 amounted to £348,000, including £182,000 attributable to North Sea Marine Leasing Company, as set out in the profit and loss account on page 5.

An interim dividend of £340,000 will be paid in March 1995. The retained profit for the year, amounting to £8,000, will be transferred to reserves.

DIRECTORS

The names of the present directors of the company are shown on page 1.

During the year, the following directors were appointed or resigned:

	<u>Appointed</u>	<u>Resigned</u>
J T Davies		31 October 1994
J A Davies	1 November 1994	
W R Fullelove		30 November 1994
P B Miles	1 December 1994	

On 1 November 1994, Mr Moore was elected chairman of the company, in succession to Mr J T Davies, and Mr Miles ceased to be an alternate director to Mr Fullelove on 30 November 1994. Mr A R Foad was appointed an alternate director to Mr Miles on 9 December 1994.

All the directors are also directors of Lloyds Leasing Limited and reference to their interests in the capital of Lloyds Bank Plc, the ultimate parent company, and its subsidiaries is made in the report and accounts of Lloyds Leasing Limited.

On behalf of the board



M R Hatcher
Secretary

1 March 1995

AUDITORS' REPORT TO THE MEMBER OF LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

1 March 1995

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, in compliance with the Companies Act 1985 and in accordance with applicable accounting standards. The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 is included in the accounts of its ultimate parent undertaking.

The accounts of the company include its share of the assets, liabilities and results of the leasing partnership in which it has an interest.

(a) Income recognition - finance leases

Post-tax profits on leases are allocated to the profit and loss account in proportion to the net cash invested in each period taking into account the effects of taxation so as to give a constant periodic rate of return. The taxation charge and pre-tax profits are determined by reference to the post-tax profit allocated and the rate of tax applicable for the period.

(b) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a year-end appraisal of rentals receivable less income allocated to future periods.

(c) Deferred taxation

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1994

	Note	1994 £000	1993 £000
TURNOVER	1	10,643	14,469
AMORTISATION OF LEASED ASSETS		7,877	10,508
		<hr/>	<hr/>
		2,766	3,961
INTEREST EXPENSE	2	1,951	2,691
		<hr/>	<hr/>
		815	1,270
DECREASE IN GENERAL PROVISIONS FOR BAD AND DOUBTFUL DEBTS		28	10
		<hr/>	<hr/>
		843	1,280
OPERATING EXPENSES			
Administrative expenses		117	207
Management fee payable to parent undertaking		167	270
		<hr/>	<hr/>
		284	477
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		559	803
TAXATION	4	211	266
		<hr/>	<hr/>
PROFIT AFTER TAXATION		348	537
		<hr/>	<hr/>

There are no further gains or losses attributable to the shareholder other than those disclosed above.

The notes on pages 8 to 11 form part of these accounts.

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
for the year ended 31 December 1994

	1994 £000	1993 £000
PROFIT FOR THE YEAR AFTER TAXATION	348	537
DIVIDEND	340	530
	<hr/>	<hr/>
NET INCREASE IN CAPITAL AND RESERVES	8	7
CAPITAL AND RESERVES AT BEGINNING OF YEAR	51	44
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	59	51
	<hr/>	<hr/>

The notes on pages 8 to 11 form part of these accounts

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

BALANCE SHEET
at 31 December 1994

	Note	1994 £000	1993 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		5,445	5,568
after more than one year		45,683	52,947
	5	51,128	58,515
Amounts owed by group undertakings	7	2,160	6,240
Other debtors		596	792
		53,884	65,547
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	8	5	5
Profit and loss account	9	54	46
		59	51
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	10,232	11,031
CREDITORS			
Amounts owed to group undertakings	11	36,324	47,184
Loan	12	6,580	6,354
Other creditors		689	927
		43,593	54,465
		53,884	65,547

A E Moore - Chairman



P B Miles - Chief Manager



The notes on pages 8 to 11 form part of these accounts.

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year.

2 INTEREST EXPENSE

	1994 £000	1993 £000
Interest expense comprises:		
Interest payable to group undertakings on bank loans and overdrafts	2,385	3,051
Less: interest receivable from group undertakings	(419)	(352)
from others	(15)	(8)
	(434)	(360)
	1,951	2,691

3 EMOLUMENTS OF DIRECTORS AND EMPLOYEES AND AUDITORS' REMUNERATION

£3,000 (1993:£3,000) was paid by the ultimate parent company to one director for his services relating to the management of the affairs of the company. No other directors received emoluments for their services to the company.

All staff engaged in the service of the company are employees of Lloyds Bank Plc.

The remuneration of the auditors was borne by Lloyds Leasing Limited.

4 TAXATION

	1994 £000	1993 £000
Group relief payable	1,010	896
Deferred taxation	(799)	(630)
	211	266

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 33% (1993:33%).

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

5 FINANCE LEASE RECEIVABLES

	1994 £000	1993 £000
Future rentals (net of provisions)	64,871	77,820
Less:		
Rentals received in advance	(2,201)	(3,599)
Income allocated to future periods	(11,542)	(15,706)
	<hr/>	<hr/>
	51,128	58,515
	<hr/>	<hr/>

Finance lease receivables represent the cost of leased assets less rentals received in advance after providing for the following:

Accumulated amortisation	49,172	50,550
General provisions for bad and doubtful debts	-	28

6 LEASING PARTNERSHIP

The company has an interest in a leasing partnership, North Sea Marine Leasing Company. The company's share of the results and net assets of the partnership has been included in these accounts on a proportional consolidation basis. Included in finance lease receivables is £46,199,000 (1993: £49,617,000) relating to this partnership.

Under the terms of the Partnership Act 1890, there is unlimited liability in connection with the company's participation in the partnership.

7 AMOUNTS OWED BY GROUP UNDERTAKINGS

	1994 £000	1993 £000
Amounts falling due within one year:		
Bank deposits	2,160	-
Sums due from fellow subsidiary undertaking	-	6,240
	<hr/>	<hr/>
	2,160	6,240
	<hr/>	<hr/>

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

8	CALLED UP SHARE CAPITAL	1994 £000	1993 £000
---	-------------------------	--------------	--------------

Authorised:

Ordinary shares of £1 each	5	5
5% Redeemable preference shares of £1 each	3,000	3,000

Allotted and issued fully paid:

Ordinary shares of £1 each	5	5
----------------------------	---	---

The company regarded by the directors as the ultimate parent company is Lloyds Bank Plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member. Lloyds Leasing Limited is the parent undertaking of the smallest such group of undertakings. Lloyds Bank Plc and Lloyds Leasing Limited are registered in England and Wales and copies of the group accounts of both may be obtained from the company secretary's office, Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

9	PROFIT AND LOSS ACCOUNT	£000
---	-------------------------	------

At 1 January 1994	46
Retained profit for the year	8

At 31 December 1994	54
---------------------	----

10	DEFERRED TAXATION	£000
----	-------------------	------

At 1 January 1994	11,031
Credit for the year	(799)

At 31 December 1994	10,232
---------------------	--------

Deferred taxation relates to:

	1994 £000	1993 £000
Accrued interest on subordinated loan	(1,181)	(1,088)
Accelerated depreciation allowances	11,413	12,119
	10,232	11,031

The balances at 31 December 1994 and 1 January 1994 represent full provision in respect of the potential liability of the company to taxation on the excess of capital allowances over related amortisation of leased assets and on accrued interest on a subordinated loan.

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

11 AMOUNTS OWED TO GROUP UNDERTAKINGS

	1994 £000	1993 £000
Amounts falling due within one year:		
Bank overdraft	-	4,695
Bank borrowings	33,300	38,141
Amount due to fellow subsidiary undertakings	-	775
Interest payable	23	21
Group relief payable	961	896
Interim dividend	340	530
	<hr/>	<hr/>
	34,624	45,058
Amounts falling due after more than one year:		
Bank borrowings	1,700	2,126
	<hr/>	<hr/>
	36,324	47,184
	<hr/>	<hr/>

12 LOAN

The loan comprises a subordinated loan of £3,000,000 and accumulated interest in respect of the purchase of assets for finance leases. The loan, together with accrued interest at an annual rate of 7.5%, is to be repaid in full after approximately two years.

13 ASSETS CHARGED AS SECURITY

Charges have been registered in respect of certain leased assets of the company to secure liabilities of third parties.

14 DATE OF APPROVAL

The directors approved the accounts on 1 March 1995.