

LLOYDS LEASING
(NORTH SEA TRANSPORT)
LIMITED

31 December 1995



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 £94,256,000.

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 1995 amounted to £101,000, including £348,000 attributable to North Sea Marine Leasing Company, as set out in the profit and loss account on page 5.

An interim dividend of £150,000 will be paid in March 1996 partly from reserves.

DIRECTORS

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

All the directors are also directors of Lloyds Leasing Limited and reference to their interests in the capital of Lloyds TSB Group 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

20 March 1996

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 1995 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

20 March 1996

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. Income arising during the secondary lease period is recognised when due.

(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 1995

	Note	1995 £000	1994 £000
TURNOVER	1	9,337	10,643
AMORTISATION OF LEASED ASSETS		6,769	7,877
		<hr/> 2,568	<hr/> 2,766
INTEREST EXPENSE	2	1,917	1,951
		<hr/> 651	<hr/> 815
DECREASE IN GENERAL PROVISIONS FOR BAD AND DOUBTFUL DEBTS		-	28
		<hr/> 651	<hr/> 843
OTHER INCOME	3	128	-
		<hr/> 779	<hr/> 843
OPERATING EXPENSES			
Administrative expenses		98	117
Management fee payable to parent undertaking		42	167
		<hr/> 140	<hr/> 284
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		639	559
TAXATION	5	538	211
PROFIT AFTER TAXATION		<hr/> 101	<hr/> 348

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 1995

	1995 £000	1994 £000
PROFIT FOR THE YEAR AFTER TAXATION	101	348
DIVIDEND	150	340
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CAPITAL AND RESERVES	(49)	8
CAPITAL AND RESERVES AT BEGINNING OF YEAR	59	51
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	10	59
	<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 1995

	Note	1995 £000	1994 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		3,455	5,445
after more than one year		41,543	45,683
	6	44,998	51,128
Amounts owed by group undertakings	8	6,630	2,160
Other debtors		196	596
		51,824	53,884
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	9	5	5
Profit and loss account	10	5	54
		10	59
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	9,550	10,232
CREDITORS			
Amounts owed to group undertakings	12	35,222	36,324
Loan	13	6,805	6,580
Other creditors		237	689
		42,264	43,593
		51,824	53,884



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

	1995 £000	1994 £000
Interest expense comprises:		
Interest payable to group undertakings on bank loans and overdrafts	2,427	2,385
Less: interest receivable from group undertakings	(508)	(419)
from others	(2)	(15)
	(510)	(434)
	1,917	1,951

3 OTHER INCOME

During the year the company acquired 526,000 shares at a price of £3.30 per share in a trade investment of Lloyds Bank Plc. These were subsequently sold for £3.54304 per share after expenses giving a profit of £128,000 on the transaction.

4 DIRECTORS' EMOLUMENTS

An aggregate amount of £3,000 was deemed to have been paid by Lloyds Bank Plc for the services of one director in respect of the management of the affairs of the company (1994: a total of £3,000 to two directors). There were no other directors' emoluments paid in respect of services to the company.

5 TAXATION

	1995 £000	1994 £000
Group relief payable - current year	851	1,010
- prior year	369	-
Deferred taxation	(682)	(799)
	538	211

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 33% (1994:33%).

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

6 FINANCE LEASE RECEIVABLES

	1995 £000	1994 £000
Future rentals	58,489	64,871
Less:		
Rentals received in advance	(1,430)	(2,201)
Income allocated to future periods	(12,061)	(11,542)
	<hr/>	<hr/>
	44,998	51,128
	<hr/>	<hr/>

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

Accumulated amortisation	47,907	49,172
--------------------------	--------	--------

7 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 £42,760,000 (1994: £46,199,000) 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.

8 AMOUNTS OWED BY GROUP UNDERTAKINGS

	1995 £000	1994 £000
Amounts falling due within one year:		
Bank deposits	-	2,160
Sums due from fellow subsidiary undertaking	6,630	-
	<hr/>	<hr/>
	6,630	2,160
	<hr/>	<hr/>

LLOYDS LEASING (NORTH SEA TRANSPORT) LIMITED

NOTES TO THE ACCOUNTS

9	CALLED UP SHARE CAPITAL	1995 £000	1994 £000
---	-------------------------	--------------	--------------

Authorised:

Ordinary shares of £1 each	5	5
5% Redeemable preference shares of £1 each	3,000	3,000
	<hr/>	<hr/>

Allotted and issued fully paid:

Ordinary shares of £1 each	5	5
	<hr/>	<hr/>

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group 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 TSB Group plc is registered in Scotland and Lloyds Leasing Limited is registered in England and Wales. Copies of the group accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

10	PROFIT AND LOSS ACCOUNT	£000
	At 1 January 1995	54
	Retained profit for the year	(49)
		<hr/>

	At 31 December 1995	5
		<hr/>

11	DEFERRED TAXATION	£000
	At 1 January 1995	10,232
	Credit for the year	(682)
		<hr/>

	At 31 December 1995	9,550
		<hr/>

Deferred taxation relates to:

	1995 £000	1994 £000
Accrued interest on subordinated loan	(1,255)	(1,181)
Accelerated depreciation allowances	10,805	11,413
	<hr/>	<hr/>
	9,550	10,232
	<hr/>	<hr/>

The balances at 31 December 1995 and 1 January 1995 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

12 AMOUNTS OWED TO GROUP UNDERTAKINGS

	1995 £000	1994 £000
Amounts falling due within one year:		
Bank overdraft	3,998	-
Bank borrowings	28,204	33,300
Amount due to fellow subsidiary undertakings	48	-
Interest payable	22	23
Group relief payable	1,418	961
Interim dividend	150	340
	<hr/>	<hr/>
	33,865	34,624
Amounts falling due after more than one year:		
Bank borrowings	1,382	1,700
	<hr/>	<hr/>
	35,222	36,324
	<hr/>	<hr/>

13 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 one year.

14 ASSETS CHARGED AS SECURITY

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

15 DATE OF APPROVAL

The directors approved the accounts on 20 March 1996.