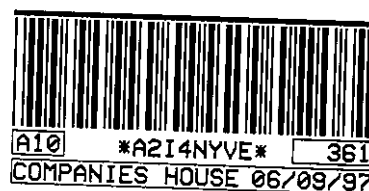


AZEDCREST LIMITED
REGISTERED NUMBER 1589656
DIRECTORS' REPORT AND ACCOUNTS
30 NOVEMBER 1996



AZEDCREST LIMITED

DIRECTORS' REPORT - YEAR ENDED 30 NOVEMBER 1996

The directors present their report and accounts for the year ended 30 November 1996.

ACTIVITIES

The main activity of the company is the leasing of vehicles, plant and equipment.

The directors consider that the results for the year are satisfactory and anticipate that the present level of activity will be sustained for the foreseeable future.

ACCOUNTS

The results for the year show a profit after taxation of £27,262 (1995: £138,459). The directors do not recommend the payment of a dividend (1995: £nil).

DIRECTORS

The names of the persons who were directors throughout the year, unless otherwise stated, are as shown below:

A C Dempster
E H Murray
C Cameron

AZEDCREST LIMITED

DIRECTORS' REPORT - YEAR ENDED 30 NOVEMBER 1996

DIRECTORS' INTERESTS

Beneficial interests of directors and their immediate families in ordinary shares of 25p each in the company's ultimate parent company, Lloyds TSB Group plc, are shown below:

	<u>At 30 November 1996</u>		<u>At 30 November 1995</u>	
	<u>Shares</u>	<u>Shares Under Option</u>	<u>Shares</u>	<u>Shares Under Option</u>
A C Dempster	139,479	54,369	25,496	188,542
E H Murray	2,751	45,930	1,551	76,636
C Cameron	1,942	14,914	1,870	15,940

The option to purchase shares shown above were granted under the terms of the executive share option and sharesave schemes of the Lloyds TSB Group, and are exercisable in normal circumstances between now and 2006 at prices ranging from 103 pence to 321 pence per share.

During the year additional share options were granted to executive directors. The details are as shown below.

	<u>Options granted</u>	<u>Options exercised</u>
A C Dempster	14,250	148,423
E H Murray	9,291	39,997
C Cameron	818	1,844

By order of the board.



J W Fraser
Secretary

AZEDCREST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' Statement of Auditors' Responsibilities set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that, in preparing the accounts on pages 5 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The directors are required to use a going concern basis in preparing the accounts unless this is inappropriate.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT OF AUDITORS' RESPONSIBILITIES

The auditors are responsible for forming an independent opinion on the accounts presented by the directors, based on their audit, and for reporting their opinion to members. They also have the responsibility under the Companies Act 1985 to report to members if particular requirements are not met. These requirements are :

- that the Company has maintained proper accounting records and obtained proper returns from branches not visited by the auditors;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on pages 1 and 2. However, the Companies Act 1985 requires the auditors to report to members if the matters contained in the directors' report are inconsistent with the accounts.

REPORT OF THE AUDITORS TO THE MEMBERS OF AZEDCREST LIMITED

We have audited the accounts on pages 5 to 11.

Respective Responsibilities of Directors and Auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 November 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit plc
Chartered Accountants
Registered Auditor
Edinburgh

5 August 1997

AZEDCREST LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 1996**

		1996 £000	1995 £000
	Note		
Turnover	1 (b)	799	682
Interest Payable	2	(546)	(461)
		<hr/>	<hr/>
Gross Profit		253	221
Other Operating Costs		(207)	(42)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		46	179
Taxation charge for year	3	(19)	(41)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities after taxation		27	138
Profit brought forward		234	96
		<hr/>	<hr/>
Retained profit carried forward		<u>261</u>	<u>234</u>

Reconciliation of Shareholders' Funds

Shareholders' Funds brought forward	234	96
Retained profit/(loss) for the year	27	138
	<hr/>	<hr/>
Shareholders' Funds carried forward	<u>261</u>	<u>234</u>

There are no recognised gains or losses other than the result for the period.
There are no discontinued operations.

The notes on pages 7 to 11 form part of these accounts.

AZEDCREST LIMITED

BALANCE SHEET - 30 NOVEMBER 1996

		1996 £000	1995 £000
	Note		
DEBTORS: amounts receivable within one year	4	7,108	3,075
CREDITORS: amounts falling due within one year	5	(14,279)	(9,277)
		—	—
NET CURRENT LIABILITIES		(7,171)	(6,202)
DEBTORS: amounts receivable after more than one year	4	8,709	7,360
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	6	(1,277)	(924)
		—	—
Net assets		<u>261</u>	<u>234</u>
CAPITAL AND RESERVES			
Called-up share capital	7	-	-
Profit and loss account		261	234
		—	—
		<u>261</u>	<u>234</u>

Approved by the Board at its meeting held on **23 JULY 1997**



A C Dempster
Director

The notes on pages 7 to 11 form part of these accounts.

AZEDCREST LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover during the year represents net rentals receivable, being the gross rentals receivable less the capital element.

(c) Income recognition

Income from leases is credited to the profit and loss account in proportion to the net cash invested using the investment period method.

In order to give effect to the grossing up of profit after taxation, in respect of leases entered into during the period of falling tax rates, a taxation equalisation reserve and a profit before taxation equalisation reserve are established in the year in which leased assets are purchased.

Regional development grants receivable on assets leased to customers are credited to revenue, grossed up at the prevailing corporation tax rate, using the investment period method.

(d) Finance Lease Receivables

Finance lease receivables are included in the balance sheet at the amount of the net investment in the lease, which is defined as total future rentals receivable less finance charges allocated to future periods.

(e) 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.

AZEDCREST LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

2. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following:

	1996 £000	1995 £000
Directors' emoluments	-	-
Auditors' remuneration	-	-
Interest payable on loans from fellow subsidiary companies	546	461
Bad and doubtful debts	33	(57)
Grossing up of regional development grants	-	(2)

Auditors' remuneration has been borne by a group company.
There were no employees (1995 - Nil).

3 TAXATION

The charge for taxation is based on the results for the year using a UK corporation tax rate of 33% (1995: 33%).

	1996 £000	1995 £000
Current Year		
Group relief receivable	(326)	(271)
Deferred taxation charge	353	308
Notional taxation on regional development grants and taxation equalisation	1	4
	<hr/>	<hr/>
	28	41
Previous Year:		
Group relief receivable	(9)	-
	<hr/>	<hr/>
	<u>19</u>	<u>41</u>

AZEDCREST LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

4. <u>DEBTORS</u>	1996	1995
	£000	£000
Amounts falling due within one year:		
Rentals receivable on leased assets	6,740	2,831
Other debtors	368	205
Group relief	-	39
	<hr/>	<hr/>
	<u>7,108</u>	<u>3,075</u>
Amounts falling due after more than one year:		
Rentals receivable on leased assets	<u>8,709</u>	<u>7,360</u>

The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £8,124,000 (1995: £3,794,000).

Included in the total rentals receivable on leased assets is an amount of £42,751 (1995: £85,286) due from the immediate parent company.

The value of finance lease rentals receivable in the year amounted to £3,607,000 (1995: £2,947,000).

AZEDCREST LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

5. <u>CREDITORS</u>	1996	1995
	£000	£000
Amounts falling due within one year:		
Accruals and deferred income	811	888
Amounts due to immediate parent company	8,831	7,737
Other Creditors	3,968	652
Group Relief Payable	669	-
	<u>14,279</u>	<u>9,277</u>

6. DEFERRED TAXATION

The provision is calculated at 33% on the full potential liability and is in respect of accelerated capital allowances.

The movement in the deferred tax provision was as follows:

	£000
At 1 December 1995	924
Profit and loss account - Current Year	353
	<u>1,277</u>
At 30 November 1996	<u>1,277</u>

AZEDCREST LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1996

7. CALLED-UP SHARE CAPITAL

<u>1996 & 1995</u>				
	<u>Number</u>	<u>Authorised</u>	<u>Number</u>	Allotted Called-up and <u>fully paid</u>
		£		£
Ordinary shares of 25p each - non-voting	3,800	950	200	50
6% Preference shares of 25p each	200	50	200	50
	<u>4,000</u>	<u>1,000</u>	<u>400</u>	<u>100</u>

8. CASHFLOW STATEMENT

A cash flow statement is not presented as the company is a wholly owned subsidiary undertaking of Lloyds TSB Group plc, whose accounts include a consolidated cash flow statement dealing with the cash flows of the group.

9. ULTIMATE PARENT COMPANY

The company is a subsidiary of TSB Bank Scotland plc, a company whose ultimate parent company is Lloyds TSB Group plc, which is registered in Scotland

Copies of the accounts of TSB Bank Scotland plc are available from the Secretary, Henry Duncan House, 120 George Street, Edinburgh.

Copies of the accounts of Lloyds TSB Group plc are available from the Secretary, 71 Lombard Street, London EC3P 3BS.