

GLYTHORNE LIMITED
REGISTERED NUMBER 1596028
DIRECTORS' REPORT AND ACCOUNTS
28 FEBRUARY 1998



GLYTHORNE LIMITED

Report of the Directors

The directors present their report and accounts for the year ended 28 February 1998.

Principal Activity

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.

Results

The results for the year show a profit after taxation of £293,000 (1997: £219,000). The directors do not recommend the payment of a dividend (1997: £nil).

Directors

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

A C Dempster
C Cameron
E H Murray (Resigned 30th May 1997)
G C Smith (Appointed 2nd June 1997)

Particulars of their interests in shares in the Group are detailed in note 8 to the accounts.

Mr A C Dempster resigned from the Board with effect from 30th June 1998 and Mr J A Spence was appointed to the Board with effect from 1st July 1998.

Policy and practice on payment of creditors

As the company owed no amounts to trade creditors at 28 February 1998, the number of days required to be shown in this report, to comply with the provisions of paragraph 12(3) of part VI of schedule 7 to the Companies Act 1985, is nil.

Auditors

Price Waterhouse were re-appointed as auditors during the year. Price Waterhouse merged with Coopers & Lybrand as of 1st July 1998 and the new firm, PricewaterhouseCoopers, were appointed as auditors on 16th September 1998.

By order of the board.



J W Fraser
Secretary

GLYTHORNE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF GLYTHORNE LIMITED

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

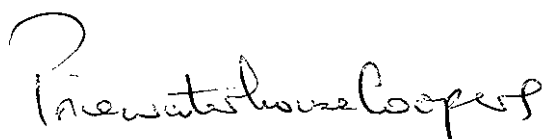
Basis of opinion

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 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Albany House
58 Albany Street
Edinburgh EH1 3QR

18 September 1998

GLYTHORNE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 28 FEBRUARY 1998**

| | | 1998 £000 | 1997 £000 |
|--|-------|--------------|--------------|
| | Note | | |
| Turnover | 1 (b) | 813 | 804 |
| Interest payable | 2 | (450) | (304) |
| | | <hr/> | <hr/> |
| Gross profit | | 363 | 500 |
| Other operating costs | | (71) | (158) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 292 | 342 |
| Taxation credit/(charge) for year | 3 | 1 | (123) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation | | 293 | 219 |
| Profit brought forward | | 310 | 91 |
| | | <hr/> | <hr/> |
| Retained profit carried forward | | <u>603</u> | <u>310</u> |

Reconciliation of shareholders' funds

| | | |
|-------------------------------------|------------|------------|
| Shareholders' funds brought forward | 310 | 91 |
| Retained profit for the year | 293 | 219 |
| | <hr/> | <hr/> |
| Shareholders' funds carried forward | <u>603</u> | <u>310</u> |

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

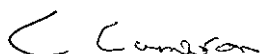
The notes on pages 6 to 11 form part of these accounts.

GLYTHORNE LIMITED

BALANCE SHEET - 28 FEBRUARY 1998

| | | 1998 £000 | 1997 £000 |
|---|------|--------------|--------------|
| | Note | | |
| DEBTORS: amounts receivable after more than one year | 4 | 6,534 | 8,160 |
| DEBTORS: amounts receivable within one year | 4 | <u>3,632</u> | <u>4,912</u> |
| | | 10,166 | 13,072 |
| CREDITORS: amounts falling due within one year | 5 | (9,208) | (12,054) |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 958 | 1,018 |
| | | <hr/> | <hr/> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 6 | (355) | (708) |
| | | <hr/> | <hr/> |
| NET ASSETS | | <u>603</u> | <u>310</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 7 | - | - |
| Profit and loss account | | 603 | 310 |
| | | <hr/> | <hr/> |
| Shareholders' Funds | | <u>603</u> | <u>310</u> |

Approved by the Board at its meeting held on 18th September 1998



C Cameron
Director

The notes on pages 6 to 11 form part of these accounts.

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

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.

(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.

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

2. Profit before taxation

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

| | 1998 £000 | 1997 £000 |
|---|--------------|--------------|
| Directors' emoluments | - | - |
| Auditors' remuneration | - | - |
| Interest payable on loans from fellow subsidiary companies | 450 | 304 |
| Bad and doubtful debts | (90) | 27 |

Auditors' remuneration has been borne by a group company.

There were no employees (1997 - Nil).

3. Taxation

The charge for taxation is based on the results for the year using a UK corporation tax rate of 31% (1997: 33%).

| | 1998 £000 | 1997 £000 |
|-----------------------------------|--------------|--------------|
| Current Year: | | |
| Group relief (payable)/receivable | (352) | 7 |
| Deferred taxation credit/(charge) | 310 | (130) |
| | <hr/> | <hr/> |
| | (42) | (123) |
| Prior Year: | | |
| Group relief payable | - | (19) |
| Deferred taxation credit | 43 | 19 |
| | <hr/> | <hr/> |
| Taxation credit/(charge) | <u>1</u> | <u>(123)</u> |

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

4. Debtors

| | 1998 £000 | 1997 £000 |
|--------------------------------------|--------------|--------------|
| Amounts falling due within one year: | | |
| Rentals receivable on leased assets | 3,595 | 4,233 |
| Other Debtors | 37 | 679 |
| | <hr/> | <hr/> |
| | <u>3,632</u> | <u>4,912</u> |

Amounts falling due after more than one year:

| | | |
|-------------------------------------|--------------|--------------|
| Rentals receivable on leased assets | <u>6,534</u> | <u>8,160</u> |
|-------------------------------------|--------------|--------------|

The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £1,836,000 (1997: £6,334,000).

The value of finance lease rentals receivable in the year amounted to £4,339,000 (1997: £3,984,000).

5. Creditors

| | 1998 £000 | 1997 £000 |
|---|--------------|---------------|
| Amounts falling due within one year: | | |
| Accruals and deferred income | 608 | 714 |
| Amounts due to immediate parent company | 8,207 | 10,404 |
| Other Creditors | 11 | 924 |
| Group Relief Payable | 382 | 12 |
| | <hr/> | <hr/> |
| | <u>9,208</u> | <u>12,054</u> |

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

6. Deferred Taxation

The provision is calculated at 31% (1997: 33%) and is in respect of accelerated capital allowances.

The movement in the deferred tax provision was as follows:

| | £000 |
|--|------------|
| At 1 March 1997 | 708 |
| Profit and loss account - Current Year | (310) |
| - Prior Year | (43) |
| | <hr/> |
| At 28 February 1998 | <u>355</u> |

7. Called Up Share Capital

| | <u>1998</u> | | <u>1997</u> | |
|--|-------------------|--|-------------------|--|
| | <u>Authorised</u> | <u>Allotted Called-up and fully paid</u> | <u>Authorised</u> | <u>Allotted Called-up and fully paid</u> |
| | £ | £ | £ | £ |
| Ordinary shares of 25p each - non-voting | 847 | 47 | 847 | 47 |
| 6% Preference shares of 25p each | 153 | 153 | 153 | 153 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>1,000</u> | <u>200</u> | <u>1,000</u> | <u>200</u> |

The irredeemable preference shares carry a dividend of 6% per annum, payable half yearly on 20 May and 20 November. The dividend rights are non-cumulative. On a return of assets, whether in a winding up or otherwise, there is a right to a return of capital paid up on the 6% preference shares in priority over the holders of the non-voting ordinary shares, but no further right to participate in profits or assets. The preference shares carry the right to receive notice of and to attend and vote in person on a show of hands at every general meeting and the right to one vote per 6% preference share on a poll thereafter.

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

8. Directors' Interests

The interests of those who were directors of the company at 28 February 1998 in the capital of Lloyds TSB Group plc were:

Shares:

| | At 28 February 1998 | At 1 March 1997 (or at date of appointment if later) |
|--------------|---------------------|---|
| A C Dempster | 148,172 | 138,555 |
| C Cameron | 9,669 | 1,942 |
| G C Smith | 7,051 | 6,683 |

Options to acquire shares:

| | At 1 March 1997 (or at date of appointment if later) | During the year | | At 28 February 1998 |
|---------------|--|-----------------|-----------|------------------------|
| | | Granted | Exercised | |
| A C Dempster* | 54,369 | 10,663 | 7,197 | 57,835 |
| C Cameron* | 14,914 | 1,852 | 10,054 | 6,712 |
| G C Smith* | 20,410 | - | - | 20,410 |

The options 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 2007 at prices ranging from 128 pence to 580 pence per share.

None of these directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

*These directors will receive additional Lloyds TSB Group shares on exercising share options held on 28 December 1995. These shares will compensate them for the special dividend of 68.3p per share which was paid to former TSB Group shareholders following the merger with Lloyds Bank but which was not paid to option holders.

GLYTHORNE LIMITED

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1998

9. Cash Flow 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.

10. Related Party Disclosures

The company is exempted from reporting intra group related party transactions in accordance with Financial Reporting Standard 8 because it is a wholly owned subsidiary of TSB Bank Scotland plc.

11. 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 EH2 4TS.

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