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LLOYDS INVESTMENT BONDS LIMITED

30 September 1997



LLOYDS INVESTMENT BONDS 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

N S Black

AUDITORS

Price Waterhouse

REGISTERED OFFICE

71 Lombard Street  
London EC3P 3BS

REGISTERED NUMBER

2468722

# LLOYDS INVESTMENT BONDS LIMITED

## REPORT OF THE DIRECTORS

### PRINCIPAL ACTIVITY

The principal activity of the company is identifying investment opportunities and making suitable investments.

### RESULTS

The profit after taxation for the year ended 30 September 1997 amounted to £255,000 as set out in the profit and loss account on page 5.

An interim dividend of £100,000 will be paid in December 1997.

### DIRECTORS

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

All the directors are also directors of Lloyds Leasing Limited, the immediate parent company, 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.

### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company's policy is to agree terms of payment with suppliers and these normally provide for payment within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

The number of days 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 2. This bears the same proportion to the number of days in the year as the aggregate of the amounts owed to trade creditors at 30 September 1997 bears to the aggregate of the amounts invoiced by suppliers during the year.

On behalf of the board



N S Black  
Secretary

1 December 1997

## AUDITORS' REPORT TO THE MEMBER OF LLOYDS INVESTMENT BONDS LIMITED

We have audited the financial statements on pages 4 to 10 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 30 September 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants  
and Registered Auditors

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

1 December 1997

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 company. In addition advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Lloyds TSB Group plc or other group or associated undertakings as the consolidated accounts of Lloyds TSB Group plc in which the company is included are publicly available.

(a) Investments

Listed British Government securities

Investments are held at cost and any premium or discount is amortised from purchase to maturity in equal annual instalments.

(b) 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 INVESTMENT BONDS LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1997

	Note	1997 £000	1996 £000
INVESTMENT INCOME RECEIVABLE		84	67
BOND DISCOUNT ACCRUED		-	14,781
		<hr/>	<hr/>
		84	14,848
INTEREST INCOME	1(a)	291	208
		<hr/>	<hr/>
		375	15,056
INTEREST EXPENSE	1(b)	-	15,255
		<hr/>	<hr/>
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		375	(199)
TAXATION CHARGE (CREDIT)	3	120	(65)
		<hr/>	<hr/>
PROFIT (LOSS) AFTER TAXATION		255	(134)
		<hr/>	<hr/>

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

LLOYDS INVESTMENT BONDS LIMITED

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES  
for the year ended 30 September 1997

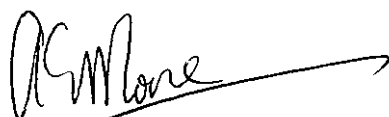
	1997 £000	1996 £000
PROFIT (LOSS) FOR THE YEAR AFTER TAXATION	255	(134)
DIVIDEND	100	-
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CAPITAL AND RESERVES	155	(134)
CAPITAL AND RESERVES AT BEGINNING OF YEAR	(110)	24
	<hr/>	<hr/>
CAPITAL AND RESERVES AT END OF YEAR	45	(110)
	<hr/>	<hr/>

The notes on pages 8 to 10 form part of these accounts.

LLOYDS INVESTMENT BONDS LIMITED

BALANCE SHEET  
at 30 September 1997

	Note	1997 £000	1996 £000
ASSETS			
FIXED ASSETS			
Investments	4	101	104
CURRENT ASSETS			
DEBTORS			
Amounts owed by group companies	5	4,667	5,011
Other debtors		20	40
		<hr/>	<hr/>
		4,788	5,155
		<hr/>	<hr/>
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	6	10	10
Profit and loss account	7	35	(120)
		<hr/>	<hr/>
		45	(110)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	1	1
CREDITORS			
Amounts owed to group companies	9	4,742	5,264
		<hr/>	<hr/>
		4,788	5,155
		<hr/>	<hr/>



A E Moore - Chairman



P B Miles - Managing Director

The notes on pages 8 to 10 form part of these accounts.



# LLOYDS INVESTMENT BONDS LIMITED

## NOTES TO THE ACCOUNTS

### 1 INTEREST EXPENSE

	1997 £000	1996 £000
(a) Interest income comprises:		
from other group companies	291	206
from other sources	-	2
	<hr/> 291	<hr/> 208
(b) Interest expense comprises:		
Interest payable to other group companies on bank loans and overdrafts	-	15,255
	<hr/>	<hr/>

### 2 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 (1996: £3,000 for one director). There were no other directors' emoluments paid in respect of services to the company.

### 3 TAXATION CHARGE (CREDIT)

	1997 £000	1996 £000
Group relief payable - current year	121	5,264
Group relief receivable - prior year	(1)	-
Deferred taxation	-	(5,329)
	<hr/> 120	<hr/> (65)

The taxation charge (1996: credit) on the profit (1996: loss) for the year has been based on a United Kingdom corporation tax rate of 32% (1996: 33%).

### 4 INVESTMENTS

Listed British Government securities

	Cost £000	Amortisation £000	Balance sheet amount £000
At 1 October 1996	113	(9)	104
Amortisation of premium	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
At 30 September 1997	113	(12)	101
	<hr/>	<hr/>	<hr/>

The mid market value of listed investments at 30 September 1997 was £101,000 (1996: £109,000).

LLOYDS INVESTMENT BONDS LIMITED

NOTES TO THE ACCOUNTS

5 AMOUNTS OWED BY GROUP COMPANIES

	1997 £000	1996 £000
Bank deposit	4,376	5,011
Interest receivable	291	-
	<hr/>	<hr/>
	4,667	5,011
	<hr/>	<hr/>

6 CALLED UP SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	10	10
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The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the company is a member. Lloyds Bank Plc is the parent company of the smallest such group of companies. 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.

7 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 1996	(120)
Retained profit for the year	155
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At 30 September 1997	35
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8 DEFERRED TAXATION

	£000
At 1 October 1996 and 30 September 1997	1
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The balances at 30 September 1997 and 1 October 1996 represent full provision in respect of the potential liability of the company to taxation on accrued bond discount and short-term timing differences.

LLOYDS INVESTMENT BONDS LIMITED

NOTES TO THE ACCOUNTS

9 AMOUNTS OWED TO GROUP COMPANIES

	1997 £000	1996 £000
Amounts falling due within one year:		
Group relief payable	4,642	5,264
Interim dividend	100	-
	<hr/>	<hr/>
	4,742	5,264
	<hr/>	<hr/>

10 DATE OF APPROVAL

The directors approved the accounts on 1 December 1997.