

**PROTON FINANCE LIMITED**

**REPORT AND ACCOUNTS  
31 DECEMBER 2000**

Registered office

116 Cockfosters Road  
Barnet EN4 0DY

Registered number

519068

Directors

J L Davies  
S W Green  
Tengku Hasmadi  
J M Hayes  
S C Low  
D J Stehr  
P J Stones

Company Secretary

M P Kilbee



Member of Lloyds TSB Group

# PROTON FINANCE LIMITED

## Report of the Directors

### Principal activity and business review

The principal activity of the company is the provision of instalment finance including leasing.

### Results

The profit after taxation for the year ended 31 December 2000 amounted to £468,655 as set out in the profit and loss account on page 4.

### Directors

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

The following changes in directors have taken place during the year or since the balance sheet date.

	Appointed	Resigned
R A Birkett		24.08.2000
J L Davies	01.01.2000	
Tengku Hasmadi	02.02.2000	
K J Kennedy		20.04.2000
M H Kiam		01.06.2001
D L Payne		02.02.2000
P J Stones	09.06.2000	

The interests of the directors of the company at the end of the year who were not also directors of Lloyds UDT Finance Limited in the capital of Lloyds TSB Group plc were:

### Shares:

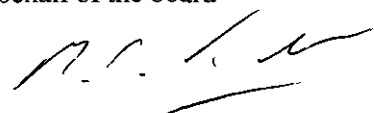
	At 1 January 2000 (or at date of appointment)	At 31 December 2000
S W Green	2,090	2,090
J M Hayes	13,228	15,769
D J Stehr	15,876	17,029
P J Stones	3,724	3,780

### Options:

	At 1 January 2000	During the year		At 31 December 2000
		Granted	Exercised	
J M Hayes	1,660	-	1,660	-
D J Stehr	5,955	2,729	-	8,684

None of the directors in office at the year-end had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

On behalf of the board

  
M P KILBEE  
Secretary  
9 August 2001

## PROTON FINANCE 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 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 Proton Finance Limited

We have audited the accounts on pages 4 to 10.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

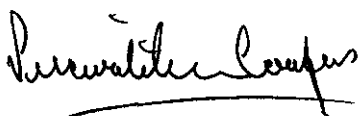
#### Basis of audit opinion

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 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 accounts.

#### Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December 2000 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS  
Chartered Accountants  
and Registered Auditors  
Erskine House  
68-73 Queen Street  
EDINBURGH EH2 4NH  
9 August 2001

**PROTON FINANCE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2000**

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
TURNOVER	2	7,359,744	8,453,467
OTHER OPERATING CHARGES		(3,246,486)	(3,505,687)
INTEREST PAYABLE	3	(3,487,487)	(3,850,802)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	625,771	1,096,978
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(157,116)	(325,563)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		468,655	771,415
RETAINED PROFIT BROUGHT FORWARD		3,899,607	3,128,192
RETAINED PROFIT CARRIED FORWARD		<u>4,368,262</u>	<u>3,899,607</u>

There are no recognised gains and losses other than those in the profit and loss account for the year and all operations are continuing.

The notes on pages 7 to 10 form part of these accounts.

PROTON FINANCE LIMITED

BALANCE SHEET

AT 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
CURRENT ASSETS			
Debtors: due within one year	6	25,849,648	30,499,252
due after more than one year	6	29,756,177	36,206,483
Cash at bank		368,041	430,252
		<u>55,973,866</u>	<u>67,135,987</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(28,555,064)	(37,308,991)
NET CURRENT ASSETS		<u>27,418,802</u>	<u>29,826,996</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	(16,147,273)	(17,271,762)
ACCRUALS AND DEFERRED INCOME	9	(6,883,267)	(8,635,627)
NET ASSETS		<u>4,388,262</u>	<u>3,919,607</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	10	20,000	20,000
PROFIT AND LOSS ACCOUNT		<u>4,368,262</u>	<u>3,899,607</u>
SHAREHOLDERS' FUNDS		<u>4,388,262</u>	<u>3,919,607</u>

P. J. STONES  
Director

J. HAYES  
Director

The notes on pages 7 to 10 form part of these accounts.

**PROTON FINANCE LIMITED**  
**CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2000**

		<u>2000</u> £	<u>1999</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	a	13,394,336	9,386,011
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(3,487,487)	(3,850,802)
TAXATION:			
Taxation paid		(272,800)	(654,207)
NET CASH INFLOW BEFORE FINANCING		9,634,049	4,881,002
FINANCING:			
Repayment of loans from group companies	b	(9,696,260)	(4,377,720)
(DECREASE) / INCREASE IN CASH	b	(62,211)	503,282

**NOTES TO THE CASHFLOW STATEMENT**

**a. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES**

Operating profit	4,113,259	4,947,780
Decrease in debtors less deferred income	9,347,550	4,613,726
Decrease in creditors	(66,473)	(175,495)

NET CASH INFLOW FROM OPERATING ACTIVITIES	13,394,336	9,386,011
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**b. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

Decrease in cash in the period	(62,211)
Net cash outflow to group companies	9,696,260

Decrease in net debt resulting from cash flows	9,634,049
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Net debt at 1st January 2000	(53,545,036)
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Net debt at 31st December 2000	(43,910,987)
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**c. ANALYSIS OF NET DEBT**

	At <u>1.1.00</u> £	Cash <u>Flow</u> £	At <u>31.12.00</u> £
NET CASH:			
Cash at bank	430,252	(62,211)	368,041
LOANS WITH GROUP COMPANIES			
Due within one year (note 7)	(36,703,526)	8,571,771	(28,131,755)
Due after more than one year (note 8)	(17,271,762)	1,124,489	(16,147,273)
	(53,545,036)	9,634,049	(43,910,987)

# PROTON FINANCE LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### (a) Accounting Convention:

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

#### (b) Income Recognition:

Income from instalment credit transactions is calculated by application of the sum of the digits method.

Leasing income is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

#### (c) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable possibility that such taxation will become payable in the foreseeable future.

### 2. TURNOVER

Turnover represents the amount of hire purchase charges and leasing income earned under instalment finance arrangements.

	2000 £	1999 £
Aggregate rentals receivable:		
Hire purchase contracts	33,834,791	38,615,639
Leasing contracts	12,369	339,507
	<u>33,847,160</u>	<u>38,955,146</u>
Cost of assets acquired:		
Hire purchase contracts	18,535,787	27,830,034
Leasing contracts	43,000	54,617
	<u>18,578,787</u>	<u>27,884,651</u>

### 3. INTEREST PAYABLE

Inland Revenue	9	-
On loans from parent company	3,487,478	3,850,802
	<u>3,487,487</u>	<u>3,850,802</u>

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The following have been taken into account in arriving at the profit:

Audit fee	9,548	9,315
Directors' emoluments	-	-
	<u>9,548</u>	<u>9,315</u>
Bad and doubtful debts charge	1,127,723	1,072,239
	<u>1,127,723</u>	<u>1,072,239</u>

# PROTON FINANCE LIMITED

## NOTES TO THE ACCOUNTS

	<u>2000</u> £	<u>1999</u> £
5. TAXATION		
Current year:		
Corporation tax at 30% (1999, 30.25%)	155,246	325,563
Adjustment for previous years:		
Corporation tax	1,870	-
	<u>157,116</u>	<u>325,563</u>

The benefit of £33,000 in the tax charge for the year has primarily arisen due to the decrease in the deferred tax asset of £94,000 (1999, £131,000) which has not been recognised in these accounts. These assets arise due to timing differences between capital allowances and depreciation.

	<u>2000</u>		<u>1999</u>	
	Due within <u>one year</u> £	Due after more than <u>one year</u> £	Due within <u>one year</u> £	Due after more than <u>one year</u> £
6. DEBTORS				
Trade debtors:				
Hire purchase, less				
Provisions	18,651,577	29,719,920	22,175,254	36,157,644
Rentals receivable under				
leasing contracts, less				
provisions	43,837	36,257	72,233	48,839
Other advances	6,883,734	-	7,931,721	-
Other debtors	270,500	-	320,044	-
	<u>25,849,648</u>	<u>29,756,177</u>	<u>30,499,252</u>	<u>36,206,483</u>

7. CREDITORS: amounts falling due within one year	<u>2000</u> £	<u>1999</u> £
Amounts owed to parent company (note 12)	28,131,755	36,703,526
Corporation tax	315,903	431,587
Other creditors	107,406	173,878
	<u>28,555,064</u>	<u>37,308,991</u>

8. CREDITORS: amounts falling due after more than one year		
Loans:		
Amounts owed to parent company (note 12)	<u>16,147,273</u>	<u>17,271,762</u>

The loans are unsecured and bear interest at commercial rates



**PROTON FINANCE LIMITED**

**NOTES TO THE ACCOUNTS**

	<u>2000</u> £	<u>1999</u> £
<b>9. ACCRUALS AND DEFERRED INCOME</b>		
Unearned finance charges	6,873,972	8,621,412
Unearned leasing income	9,295	14,215
	<u>6,883,267</u>	<u>8,635,627</u>

**10. CALLED UP SHARE CAPITAL**

Authorised, issued and fully paid:		
9,999 'A' Ordinary shares of £1 each	9,999	9,999
10,001 'B' Ordinary shares of £1 each	10,001	10,001
	<u>20,000</u>	<u>20,000</u>

The 'A' ordinary shares of £1 each rank pari passu with the 'B' ordinary shares of £1 each in terms of voting, dividend and rights upon winding up.

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 UDT Finance Limited is the parent undertaking of the smallest such group of undertakings. 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.

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2000</u> £	<u>1999</u> £
Profit for the financial year	468,655	771,415
Total addition to shareholders' funds	468,655	771,415
Opening shareholders' funds	3,919,607	3,148,192
Closing shareholders' funds	<u>4,388,262</u>	<u>3,919,607</u>

# PROTON FINANCE LIMITED

## NOTES TO THE ACCOUNTS

### 12. RELATED PARTY TRANSACTIONS

United Dominions Trust Limited and Proton Cars (UK) Limited hold 50.005% and 49.995% of the shares in the company respectively. In the normal course of business, the company enters into transactions with its related parties which include:-

	<u>2000</u> £	<u>1999</u> £
Interest on loan:		
United Dominions Trust Limited (note 3)	3,487,478	3,850,802
Management charges:		
United Dominions Trust Limited	1,048,405	1,130,215

The following amounts are payable to related parties

At 31st December:-

	<u>2000</u> £	<u>1999</u> £
United Dominions Trust Limited	44,279,028	53,975,288

### 13. DATE OF APPROVAL

These accounts were approved by the Board of Directors on 9 August 2001.