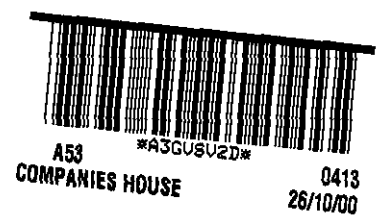


UNITED DOMINIONS LEASING LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31st December 1999



Registered number 824614

UNITED DOMINIONS LEASING LIMITED

DIRECTORS

J. L. Davies
D. K. Potts
M. P. Kilbee

REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 31st December 1999, together with the Profit and Loss Account for the year ended on that date.

RESULT AND DIVIDEND

The result for the year is set out in the attached Profit and Loss Account. The directors declared a dividend of £400,000 for the year.

PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

BUSINESS REVIEW

The year end financial position was satisfactory. The directors anticipate that the level of business will be maintained in the following year.

DIRECTORS

Mr J. M. Bury was appointed as a director on 12th April 1999 and resigned on 14th April 2000. Mr P. F. Hook resigned as a director on 31st December 1999. Mr J. L. Davies was appointed as a director on 1st January 2000. Mr D. K. Potts was appointed as a director on 4th May 2000. Mr M. P. Kilbee held office throughout the year.

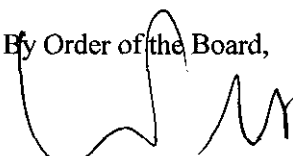
None of the directors in office at the year end had a beneficial interest in the shares of the company during the year. The interests of the directors in the ordinary shares and options to subscribe for shares in other group companies were as follows:-

	<u>At 31.12.99</u>		<u>Options</u>	<u>Options</u>	<u>At 1.1.99</u>	
	<u>Shares</u>	<u>Options</u>	<u>granted</u>	<u>exercised</u>	<u>or date of appointment</u>	
			<u>during year</u>	<u>during year</u>	<u>Shares</u>	<u>Options</u>
In the ordinary shares of 25p						
each of Lloyds TSB Group plc:						
J. M. Bury	501	12,609	269	1,836	-	14,176
M. P. Kilbee	30,077	16,146	4,000	-	32,271	12,146

YEAR 2000

The company is a member of the Lloyds UDT Finance group of companies, and because it utilises common information systems, is subject to the same risks and uncertainties in connection with the Year 2000 issue as its parent Lloyds UDT Finance Limited. The directors of Lloyds UDT Finance Limited undertook a detailed programme to review, test and evaluate the group's, and therefore the company's, ability to process transactions with dates beyond 31st December 1999. The review programme also encompassed the impact of Year 2000 issues on relations with certain key customers and suppliers, where the relationship may have a material impact on the group's, and also the company's operations or financial statements. The cost of this programme has been borne by Lloyds UDT Finance Limited.

The primary critical date of 1st January 2000 has passed without any significant impact on the company's operations. Full details of the Year 2000 review program, and the related costs incurred can be found in the financial statements of Lloyds UDT Finance Limited.

By Order of the Board,


D. K. POTTS
Director
13 October 2000

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 UNITED DOMINIONS LEASING LIMITED

We have audited the accounts on pages 3 to 8.

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.

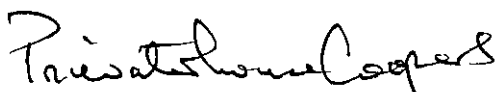
Basis of audit opinion

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 1999 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

Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH

13 October 2000

UNITED DOMINIONS LEASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st December 1999

	<u>Notes</u>	<u>1999</u> £	Restated (Note 1) <u>1998</u> £
TURNOVER	2	5,085,985	6,023,064
OTHER OPERATING INCOME		5,869,152	941,068
OTHER OPERATING CHARGES		(5,650,950)	(2,328,990)
INTEREST PAYABLE	3	(4,636,809)	(4,344,036)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	667,378	291,106
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(189,338)	314,854
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		478,040	605,960
DIVIDENDS		(400,000)	(1,160,000)
		78,040	(554,040)
RETAINED PROFIT BROUGHT FORWARD		8,351	562,391
RETAINED PROFIT CARRIED FORWARD		<u>86,391</u>	<u>8,351</u>

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

The notes on pages 5 to 8 form part of these accounts.

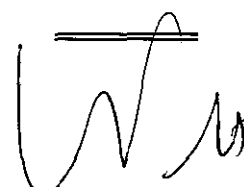
UNITED DOMINIONS LEASING LIMITED

BALANCE SHEET

AT 31st December 1999

	<u>Notes</u>	<u>1999</u> £	Restated (Note 1) <u>1998</u> £
FIXED ASSETS			
Operating lease assets	6	33,065,628	13,521,041
CURRENT ASSETS			
Debtors: due within one year	7	39,699,282	41,283,870
due after more than one year	7	61,965,937	40,333,518
		<hr/>	<hr/>
		101,665,219	81,617,388
CREDITORS: amounts falling due within one year	8	(122,013,242)	(86,692,193)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(20,348,023)	(5,074,805)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,717,605	8,446,236
PROVISIONS FOR LIABILITIES AND CHARGES	9	(1,406,000)	(630,000)
ACCRUALS AND DEFERRED INCOME	10	(11,225,114)	(7,807,785)
		<hr/>	<hr/>
NET ASSETS		86,491	8,451
		<hr/>	<hr/>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	100	100
PROFIT AND LOSS ACCOUNT		86,391	8,351
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		86,491	8,451
		<hr/>	<hr/>

The notes on pages 5 to 8
form part of these accounts.


D. K. POTTS
Director

UNITED DOMINIONS LEASING 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.

The presentation of the prior year profit and loss account and balance sheet has been amended to conform with the format adopted in the year ended 31st December 1999, in order to be consistent with all other subsidiaries in the Lloyds UDT Finance group of companies. This change in format has had no impact on the profit for the prior year or on the state of affairs of the company as at 31st December 1998.

The company is exempt from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with Financial Reporting Standard 1 is included in the accounts of its ultimate holding company, Lloyds TSB Group plc.

The company is exempt from reporting intra-group related party transactions in accordance with Financial Reporting Standard 8 because it is wholly owned by Lloyds UDT Finance Limited.

(b) Income Recognition - Finance Leases:

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) Depreciation of Operating Lease Assets:

Depreciation of operating lease assets is calculated so as to give a release of net income from these assets to the profit and loss account over the period of investment in the assets in proportion to the level of net funds invested.

(d) 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.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements and operating leases.

During the year aggregate receivables were £45,866,888 (1998, £44,433,329) from leasing contracts. The cost of assets acquired during the year under leasing contracts was £72,876,040 (1998, £72,014,403).

3. INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
	£	£
On loans from group companies	4,636,809	4,344,036

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

Directors' emoluments	-	-
Bad and doubtful debts charge	910,667	759,111
Depreciation of operating lease assets	3,604,300	515,744
Loss on disposal of operating lease assets	217,502	-

Other operating charges include a management fee payable to the immediate parent company, United Dominions Trust Limited. Auditors' remuneration has been borne by a related group company.

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS

5. TAXATION

	<u>1999</u> £	<u>1998</u> £
Current year:		
Corporation tax payable at 30.25% (1998, 31%)	(584,312)	1,200,119
Transfer from / (to) deferred taxation	774,000	(1,214,000)
	<hr/>	<hr/>
	189,688	(13,881)
Previous year adjustments:		
Group relief	82	(300,973)
Corporation Tax	(2,432)	-
Deferred Tax	2,000	-
	<hr/>	<hr/>
	189,338	(314,854)
	<hr/> <hr/>	<hr/> <hr/>

The benefit in the current year tax charge of £12,000 arises as a result of the reduction in the rate at which deferred taxation is provided.

6. OPERATING LEASE ASSETS

	£
Cost:	
At 31st December 1998	14,036,785
Additions	24,076,594
Disposals	(1,113,488)
	<hr/>
At 31st December 1999	36,999,891
	<hr/>
Depreciation:	
At 31st December 1998	515,744
Charge for year	3,604,300
Disposals	(185,781)
	<hr/>
At 31st December 1999	3,934,263
	<hr/>
Net book value at 31st December 1999	33,065,628
	<hr/> <hr/>
Net book value at 31st December 1998	13,521,041
	<hr/> <hr/>

UNITED DOMINIONS LEASING LIMITED
NOTES TO THE ACCOUNTS

7. DEBTORS		<u>1999</u>		Restated (Note 1)
	Due within <u>one year</u> £	Due after more than <u>one year</u> £	Due within <u>one year</u> £	<u>1998</u> Due after more than <u>one year</u> £
Trade debtors:				
Rentals receivable under leasing contracts, less provisions	31,222,002	61,965,937	38,388,393	40,333,518
Other debtors	7,890,536	-	2,895,477	-
Corporation Tax	586,744	-	-	-
	<u>39,699,282</u>	<u>61,965,937</u>	<u>41,283,870</u>	<u>40,333,518</u>
8. CREDITORS: amounts falling due within one year			<u>1999</u> £	Restated (Note 1) <u>1998</u> £
Amounts owed to parent and fellow subsidiary companies			118,892,899	78,578,256
Trade creditors			1,086,945	1,614,750
Dividend payable			400,000	1,160,000
Other creditors			1,633,398	4,139,068
Corporation tax			-	1,200,119
			<u>122,013,242</u>	<u>86,692,193</u>
9. PROVISIONS FOR LIABILITIES AND CHARGES				£
Deferred Taxation				
Balance at 31st December 1998				630,000
Transfer to profit and loss account				776,000
				<u>1,406,000</u>
The amounts provided at 31st December 1999 and 1998 were the full potential liabilities and were attributable to accelerated capital allowances.				
10. ACCRUALS AND DEFERRED INCOME			<u>1999</u> £	Restated (Note 1) <u>1998</u> £
Unearned leasing income			11,225,114	7,807,785

UNITED DOMINIONS LEASING LIMITED

NOTES TO THE ACCOUNTS

	<u>1999</u>	<u>1998</u>
	£	£
11. SHARE CAPITAL		
Authorised, allotted, called-up and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on **13** October 2000.

13. PARENT COMPANIES

The company's ultimate parent company is Lloyds TSB Group plc. A copy of its group accounts can be obtained from Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

The company's intermediate parent company is Lloyds UDT Finance Limited. A copy of its group accounts can be obtained from Lloyds UDT Finance Limited, 71 Lombard Street, London EC3P 3BS.