1367545

LLOYDS COMMERCIAL LEASING LIMITED

30 September 2005

Member of Lloyds TSB Group

LLOYDS COMMERCIAL LEASING LIMITED
25 Gresham Street London EC2V 7HN

DIRECTORS

A J Cumming
P Higgins
M W Joseph
R F Pelly
A B Vowles (Alternate: A M Basing)

SECRETARY

S Slattery

AUDITORS

PricewaterhouseCoopers LLP

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

REGISTERED NUMBER

1367545

LLOYDS COMMERCIAL LEASING LIMITED

REPORT OF THE DIRECTORS

REVIEW OF BUSINESS

The principal activity of the company is the leasing of plant and equipment and the holding of an investment in a limited partnership, this is likely to continue for the foreseeable future.

During the year the company incurred expenditure of £40,000 (2004: £42,000) on an investment in a limited partnership.

At the end of the year the cost of leased assets owned amounted to £136,510,000 (2004: £136,961,000).

RESULTS

The profit after taxation for the year ended 30 September 2005 amounted to £716,000 (2004: £862,000) as set out in the profit and loss account on page 6.

An interim dividend of £700,000 (2004: £850,000) will be paid in June 2006.

DIRECTORS

The names of the directors of the company are shown on page 1. The following changes in directors have taken place during the year and since the year end:

	Appointed	Resigned
A R Foad		31 October 2005
M A Grant*		16 June 2005
P Higgins	7 September 2005	
P B Miles		26 August 2005
R F Pelly	17 November 2005	

* alternate to A J Cumming

All the directors are also directors of Lloyds TSB Leasing Limited, the immediate parent company, and reference to the interests of those who were directors at the end of the year in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries is made in the report and accounts of Lloyds TSB Leasing Limited.

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for preparing the Annual Report. As described below, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom law and accounting standards. 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 as at the end of the year and of the profit or loss of the company for that year. 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time 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.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from The DTI Publications Orderline 0870-1502500 (quoting ref. URN 04/606).

The company's policy is to agree terms of payment with suppliers and these normally provide for settlement 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.

As the company owed no amounts to trade creditors at 30 September 2005, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil.

On behalf of the board

S Slattery
Secretary

14 June 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS COMMERCIAL LEASING LIMITED

We have audited the financial statements which comprise profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our 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 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 the company's affairs as at 30 September 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

21st June 2006

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 and Statement of Recommended Practice for the leasing industry. 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 (Revised) 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) Accounting presentation

A leasing company has no equivalent to cost of sales or gross profit. Consequently, the directors consider adaptation of the Companies Act 1985 profit and loss account format to be appropriate. Amortisation of leased assets is the charge or credit to the profit and loss account necessary to comply with the company's policy on income recognition for finance leases. Provision against investment is the charge or credit to the profit and loss account necessary to amortise the investment in the partnership in the same pattern as the carrying values of the underlying lease cash flows determined using the company's normal policy for income recognition of operating leases. Interest expense has been shown above administrative expenses since this reflects more meaningfully the nature of interest expense within the context of a leasing business. Operating expenses include administrative expenses, management fees payable to the parent company and such other expenses as may be incurred as overheads during the normal conduct of the company's business.

(b) Investments in limited partnerships

Income from investments in limited partnerships is recognised when received.

Amortisation of investment in limited partnerships is calculated so as to allocate post tax profits from the underlying leases in the partnership to accounting periods in proportion to the net cash invested in each period taking into account the effects of taxation so as to give a constant post tax rate of return. The taxation charge and pre-tax profit are determined by reference to post-tax profit allocated and the effective rate of tax applicable to the lease for the period.

(c) Income recognition - finance leases

Post-tax profits on leases are allocated to the profit and loss account in proportion to the net cash invested in each period taking into account the effects of taxation so as to give a constant periodic rate of return. The taxation charge and pre-tax profits are determined by reference to the post-tax profit allocated and the effective rate of tax applicable to the lease for the period. Rentals arising during the secondary lease period are recognised on the due date.

(d) Interest rate swaps

The company in the course of its business enters into interest rate swap contracts to reduce its exposure to fluctuations in interest rates on borrowings where the associated finance lease income is at a fixed rate. The amounts receivable and payable on these swaps are included in the profit and loss account so as to match the interest payable on the borrowing.

(e) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a year-end appraisal of rentals receivable less income allocated to future periods.

(f) Deferred taxation

Full provision is made for deferred tax liabilities arising from timing differences between recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, or where they can be offset against deferred tax liabilities.

LLOYDS COMMERCIAL LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2005

	Note	2005 £000	2005 £000	2004 £000	2004 £000
TURNOVER	1		10,196		9,924
AMORTISATION OF LEASED ASSETS			5,683		4,678
			4,513		5,246
INVESTMENT INCOME			1,784		1,586
			6,297		6,832
INTEREST EXPENSE	2		5,173		5,426
			1,124		1,406
OPERATING EXPENSES					
Management fee payable to parent company			101		105
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,023		1,301
TAXATION	4		307		439
PROFIT FOR THE FINANCIAL YEAR			716		862
PROPOSED DIVIDEND	5		700		850
RETAINED PROFIT FOR THE FINANCIAL YEAR	10		16		12

There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

The notes on pages 8 to 11 form part of these accounts.

LLOYDS COMMERCIAL LEASING LIMITED

BALANCE SHEET
at 30 September 2005

	Note	2005 £000	2005 £000	2004 £000	2004 £000
ASSETS					
FIXED ASSETS					
Investments	6		36,168		36,405
CURRENT ASSETS					
DEBTORS					
Finance lease receivables					
within one year		6,178		5,406	
after more than one year		65,108		71,604	
	7		71,286		77,010
Amounts owed by group companies	8		1,407		1,568
			108,861		114,983
LIABILITIES					
SHAREHOLDER'S FUNDS					
Called up share capital	9		100		100
Profit and loss account	10		33		17
	11		133		117
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	12		32,181		32,985
CREDITORS – Amounts falling due within one year					
Amounts owed to group companies	13	76,050		81,389	
Other creditors		497		492	
			76,547		81,881
			108,861		114,983

R F Pelly
Director

14 June 2006

The notes on pages 8 to 11 form part of these accounts.

LLOYDS COMMERCIAL LEASING LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year.

2 INTEREST EXPENSE

	2005 £000	2004 £000
Interest expense comprises:		
Interest payable to other group companies on bank loans, overdrafts and interest rate swaps	5,173	5,426

3 ADMINISTRATIVE EXPENSES

Audit fees for the company are borne by the immediate parent company. The company has no employees and the directors received no remuneration in respect of their services to the company.

4 TAXATION

	2005 £000	2004 £000
(a) The charge for the year comprises:		
Group relief payable on current taxation profits for the year	1,140	638
Adjustment in respect of prior years	(29)	404
Total group relief payable for year (Note 4(b))	1,111	1,042
Deferred taxation – current year (Note 12)	(833)	(247)
Deferred taxation – adjustment in respect of prior years (Note 12)	29	(356)
	307	439

(b) Factors affecting the group relief payable for the year

The group relief payable for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before taxation	1,023	1,301
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%)	307	391
Depreciation for year in excess of capital allowances	833	247
Adjustment in respect of prior years	(29)	404
Total group relief payable for the year (Note 4(a))	1,111	1,042

5 DIVIDENDS

An interim dividend of £700,000 will be paid in June 2006 for the year 2005 (2004: £850,000), which equates to £7.00 per share (2004: £8.50 per share).

6 INVESTMENTS

This represents the company's investment, at cost, of a 99.996% interest as a limited partner in The HUAL Treasure Limited Partnership, a UK limited partnership that carries on business as an owner and charterer of a ship. The results of the limited partnership are consolidated in the group accounts of Lloyds TSB Group plc.

	£000
At 1 October 2004	36,405
Additions	40
Provision against investment	(277)
At 30 September 2005	36,168

7 FINANCE LEASE RECEIVABLES

	2005 £000	2004 £000
Future rentals	114,290	124,447
Less:		
Rentals received in advance	(8,233)	(7,915)
Income allocated to future periods	(34,771)	(39,522)
	71,286	77,010

Finance lease receivables represents the cost of leased assets less rentals received in advance after providing for the following:

	2005	2004
Accumulated amortisation	56,991	52,036

8 AMOUNTS OWED BY GROUP COMPANIES

	2005 £000	2004 £000
Bank deposits	1,407	1,568

9 CALLED UP SHARE CAPITAL

	2005 £000	2004 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100	100

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 TSB 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, 25 Gresham Street London EC2V 7HN.

The immediate parent company is Lloyds TSB Leasing Limited.

10 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 2004	17
Retained profit for the year	16
At 30 September 2005	33

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005 £000	2004 £000
Profit for the year after taxation	716	862
Proposed dividend	700	850
Net increase (decrease) in shareholder's funds	16	12
Shareholder's funds at beginning of year	117	105
Shareholder's funds at the end of year	133	117

12 DEFERRED TAXATION

	£000
At 1 October 2004	32,985
Credit for the year	(833)
Adjustment in respect of prior years	29
At 30 September 2005	32,181

The balances at 1 October 2004 and 30 September 2005 represent full provision in respect of the potential liability of the company to taxation on the excess of capital allowances over related amortisation of leased assets and other short term timing differences.

13 AMOUNTS OWED TO GROUP COMPANIES

	2005	2004
Amounts falling due within one year:	£000	£000
Bank borrowings	73,991	79,508
Interest payable	276	295
Group relief payable	1,083	736
Interim dividend	700	850
	76,050	81,389

14 COMMITMENTS

The company in the course of its business enters into interest rate swap contracts. The underlying principal amount of these contracts and the replacement cost obtained by marking to market are:

	2005	2004
	£000	£000
Underlying principal amount	47,605	52,335
Replacement cost	5,413	5,097

15 DATE OF APPROVAL

The directors approved the accounts on 14 June 2006.