EVANSVILLE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MAY 2007

Registered office

25 Gresham Street
London EC2V 7HN

Registered number

1598402

Directors

R J Eddowes
P J Newman
S I Rice

Company Secretary

R A Connor

Member of Lloyds TSB Group

EVANSVILLE LIMITED

CONTENTS

EVANSVILLE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 May 2007

Business review and principal activities

The principal activity of the Company is the leasing of vehicles, plant and equipment by way of finance leases

The directors consider the level of performance to be in line with expectations As at the date of this report, the directors do not expect any significant developments in the business of the company in the forthcoming year

The profit after taxation for the year ended 31 May 2007 amounted to £14,000 (2006 £22,000) as set out in the income statement on page 7

Principal risks

The principal risks and uncertainties of the Company are closely aligned to those of the Lloyds TSB Group and are not managed separately Further information is given in note 3 to the financial statements

Financial risk management

Full disclosure of the Company's financial risk management objectives and policies is given in note 3 to the financial statements

Key Performance Indicators (KPI's)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the company's business

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 balance sheet date

	Resigned	Appointed
J L Davies	18 December 2006	
M P Kilbee	28 September 2007	
D K Potts	28 September 2007	
R J Eddowes		28 September 2007
P J Newman		28 September 2007

EVANSVILLE LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 United Kingdom 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

Disclosure of information to auditors

Each director in office at the date of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

R A Connor
Secretary

18 March 2008

EVANSVILLE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVANSVILLE LIMITED

We have audited the financial statements of Evansville Limited for the year ended 31 May 2007 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland) 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 into 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' report and consider its implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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

EVANSVILLE LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EVANSVILLE LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 May 2007 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
31 Great George Street
Bristol
BS1 5QD

20th March 2008

EVANSVILLE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2007

	Note	2007 £000	2006 £000
Interest and similar income		52	76
Interest expense and similar charges		(27)	(36)
Net interest income	5	25	40
Other operating expenses		(4)	(9)
Profit before tax	6	21	31
Tax	7	(7)	(9)
Profit for the financial year attributable to equity shareholders		14	22

All results derive from continuing activities

The notes on pages 11 to 21 form part of these financial statements

EVANSVILLE LIMITED

BALANCE SHEET

AS AT 31 MAY 2007

	Note	2007 £000	2006 £000
ASSETS			
Non-current assets			
Deferred income tax assets	10	137	139
Trade and other receivables	9	337	405
		474	544
Current assets			
Trade and other receivables	9	409	311
Group relief receivable	15	-	98
		409	409
Total assets		883	953
LIABILITIES			
Current liabilities			
Trade and other payables	11	304	393
Group relief payable	15	5	-
Total liabilities		309	393
EQUITY			
Share capital	12	-	-
Retained profits		574	560
Total equity		574	560
Total equity and liabilities		883	953

Approved by the directors on 18 March 2008 and signed on their behalf by

P. Newman.

P J Newman
Director

The notes on pages 11 to 21 form part of these financial statements

EVANSVILLE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2007

	Share capital £000	Retained profits £000	Total £000
At 31 May 2006	-	560	560
Profit for the year	-	14	14
At 31 May 2007	-	**574**	**574**

The notes on pages 11 to 21 form part of these financial statements

EVANSVILLE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2007

	Note	2007 £000	2006 £000
Cash expended from operations	13	(123)	(80)
Interest received		52	76
Interest paid		(27)	(36)
Group relief received		98	40
Net cash inflow from operating activities		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The notes on pages 11 to 21 form part of these financial statements

EVANSVILLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is incorporated and domiciled in Great Britain

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

2.1 Basis of preparation

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union The financial statements have been prepared under the historical cost convention

Standards and interpretations that became effective during the financial year gave rise to no changes in accounting policies of the Company Details of standards and interpretations relevant to the Company, but not effective at 31 May 2006 and not applied in preparing these financial statements, are set out in note 17

2.2 Income recognition

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments, including advances to customers under finance lease agreements, using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument, to the net carrying amount of the financial asset or financial liability

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the agreement but not future credit losses The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss

2.3 Fee and commission income and expense

Fees and commissions which are not an integral part of the effective interest rate are generally recognised on an accruals basis when the service has been provided

2.4 Financial assets and liabilities

Financial assets and liabilities consist of advances to customers under finance lease agreements, amounts due to fellow group undertakings, other assets and other liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired

Amounts due to fellow group undertakings, other assets and other liabilities are initially recognised at fair value inclusive of transaction costs, and subsequently at amortised cost, using the effective interest rate method

Lease agreements are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee

The present value of finance lease payments is recognised as a receivable within advances to customers Finance lease income, comprising interest together with non-contingent contractual fees, is recognised over the term of the lease using the effective interest rate method (before tax), reflecting a constant periodic rate of return

2.5 Impairment of financial assets

At each balance sheet date the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired Evidence of impairment may include indications that the borrower or group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or other financial reorganisation or the debt being restructured to reduce the burden on the borrower

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of estimated future cash flows discounted at that asset's original effective interest rate If an asset has a variable interest rate, the discount rate used for measuring the impairment loss is the current effective interest rate The calculation of the present value of the estimated future cash flows of a collateralised asset or group of assets reflects the cash flows that may result from foreclosure less the costs of obtaining and selling the collateral, whether or not foreclosure is probable

If there is no objective evidence of individual impairment the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment Future cash flows are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with similar credit risk characteristics Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently

2.5 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating or subsequent recoveries of amounts previously written off, the provision is adjusted and the amount of the reversal is recognised in the income statement

2.6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances held with immediate parent company

2.7 Taxation

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised The tax effect of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is a legal right of offset and the intention to settle on a net basis or to release the asset and settle the liability simultaneously

3. Financial risk management

The Company leases vehicles, plant and equipment to its customers, funded with short-term borrowings from Lloyds TSB Commercial Finance Scotland Limited, a related group company The Company does not trade in financial instruments, nor does it use derivatives

The Company's operations expose it to credit risk, liquidity risk and interest rate risk, it is not exposed to any significant foreign exchange risk Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by the intermediate parent, Lloyds TSB Scotland plc, and the ultimate parent, Lloyds TSB Group plc The interest rate and liquidity risk faced by the Company is in substance managed and borne by other group companies which fund the Company

3.1 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due Impairment allowances are provided for losses that have been incurred at the balance sheet date

The credit risk associated with instalment credit contracts is managed through the application of strict underwriting criteria, determined by the Lloyds TSB Scotland plc committees Credit risk is carefully monitored by Lloyds TSB Scotland credit committees and functions and any significant credit exposures are measured and reported on a regular basis

3.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due To manage this risk, borrowing facilities are available from within The Lloyds TSB Group

3.2 Interest rate risk

Interest rate risk is the risk of financial loss as the result of movements in interest rates and arises largely because of timing differences between the repricing of financial assets and liabilities Lloyds TSB Scotland plc Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored regularly

4. Critical accounting estimates, and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

Impairment losses on advances under finance lease agreements

The Company regularly reviews its loan portfolio to assess for impairment In determining whether an impairment has occurred the Company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows and their timings, such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on assets in the Company The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience

5. Net interest income

	2007 £000	2006 £000
Interest and similar income		
Rental income	338	322
Depreciation of leased assets	(315)	(295)
Profit on disposal of leased assets	29	49
	52	76
Interest and similar charges		
Group interest expense (note 15)	(27)	(36)
Preference shares (note 8, 12)	-	-
	25	40

The average effective interest rate in the year was 9 15% (2006 9 43%) for finance lease receivables

6. Profit before tax

The profit before tax is arrived at after taking into account the following items

	2007 £000	2006 £000
Management charges payable to parent undertaking	4	4

Audit fees are borne by the parent company and are recovered as part of the management charge noted above The audit fee incurred amounted to £3,000 (2006 £3,000)

There were no employees (2006 nil) Employee's contracts of service are with the parent company Lloyds TSB Commercial Finance Scotland Limited and their remuneration is included in the parent company's financial statements The management charge made by the parent company includes the cost of these employees but it is not possible to ascertain separately the element that relates to employees benefits expenses

No remuneration was paid or is payable by the company to the directors The directors are employed by other companies in the Lloyds TSB group and consider their services to this company as incidental to their other activities within the group (see also note 15)

EVANSVILLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tax

	2007 £000	2006 £000
a) Analysis of charge for the year		
Current tax		
- Group relief payable / (receivable) on profits for the year	5	(22)
Deferred tax		
Origination and reversal of timing differences	2	31
Total tax charge on profit on ordinary activities	7	9

The charge for tax on the profit for the year is based on a corporation tax rate of 30% (2006 30%)

(b) Factors affecting the tax charge for the year

A reconciliation of the current tax charge for the year to the charge that would result from applying the standard UK corporation tax rate to profit before tax is given below

	2007 £000	2006 £000
Profit before tax	21	31
Profit multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	6	9
Factors affecting charge		
Tax on profit on ordinary activities	6	9
Deferred tax adjustment in respect of prior years	1	-
Tax charge	7	9
Effective rate	33%	29%

EVANSVILLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Preference share dividends

	2007	2006
	£	£
Non-equity – Preference		
Paid 1 5p (2006 1 5p) per share	3	3

9. Trade and other receivables

	2007	2006
	£000	£000
Amounts falling due within one year		
Advances to customers under finance lease agreements	367	302
Amounts falling due after more than one year		
Advances to customers under finance lease agreements	337	405
	704	707
Other amounts falling due within one year		
Others debtors-VAT	42	9
	746	716

Advances to customers under finance lease agreements

	2007	2006
	£000	£000
Gross investment in finance lease agreements, receivable		
- no later than one year	367	339
- later than one year and no later than five years	406	430
	773	769
Unearned future finance income on finance lease agreements	(69)	(62)
Present value of minimum lease payments	704	707

The cost of assets acquired during the year for the purpose of letting under finance leases amounted to £330,000 (2006 £140,000) There are no contingent rents recognised as income in the period The carrying value of trade receivables reflects a best approximation of fair value

10. Deferred income tax

The movement in deferred income tax asset is as follows

	2007 £000	2006 £000
At 1 June	139	170
Income statement charge (note 7a)	(2)	(31)
At 31 May	137	139

The deferred income tax charge in the income statement comprises the following temporary differences

	2007 £000	2006 £000
Accelerated capital allowances	2	31

Deferred income tax assets comprise accelerated capital allowances and are recoverable as follows

	2007 £000	2006 £000
After more than 12 months	114	137
Within 12 months	23	2

On 21 March 2007, the Chancellor of the Exchequer announced that the full rate of corporation tax would be reduced from 30% to 28% with effect from 1 April 2008 This proposed legislation was substantially enacted on 26 June 2007, and the estimated effect of the reduction in the corporation tax rate to 28% on the deferred tax asset as at 31 May 2007 would be to reduce the asset by £9,000 to £128,000

11. Trade and other payables

	2007 £000	2006 £000
Amounts falling due within one year		
Amounts due to fellow group company (note 15)	294	375
Accruals and deferred income	10	16
Other creditors	-	2
	304	393

Amounts due to group undertakings are unsecured, repayable on demand and interest bearing Variable interest rates are based on the rates of interest earned on individual finance lease agreements in respect of which the funding is provided

EVANSVILLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Share capital

	2007		2006	
	Authorised	Allotted called-up and fully paid	Authorised	Allotted called-up and fully paid
	£	£	£	£
Ordinary shares of 25p each - non-voting	950	50	950	50
6% Preference shares of 25p each	50	50	50	50

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

Preference shares are classed as liabilities and included within trade and other payables Preference dividends are recognised as interest expense

13. Cash flow from operating activities

	2007	2006
	£000	£000
Profit on ordinary activities before tax	21	31
Adjustments for		
Interest income	(52)	(76)
Interest expense	27	36
(Increase) / decrease in trade and other receivables	(30)	292
Decrease in trade payables	(89)	(363)
Cash expended from operations	(123)	(80)

14. Ultimate parent company

The immediate parent company is Lloyds TSB Commercial Finance Scotland Limited (formerly known as Lloyds TSB Scottish Asset Finance Limited) 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 financial statements are drawn up and of which the company is a member Lloyds TSB Scotland plc is the parent undertaking of the smallest such group of undertakings

Copies of the group financial statements of Lloyds TSB Scotland plc are available from the Secretary, Henry Duncan House, 120 George Street, Edinburgh EH2 4LH

Copies of the group financial statements of Lloyds TSB Group plc are available from the Secretary, 25 Gresham Street, London EC2V 7HN

15. Related party transactions

A number of transactions are entered into with related parties in the normal course of business These include loans, recharges and expense transactions The outstanding balances at the year end, and related expense and income for the year are as follows

	Group and associated companies	
	2007	2006
Lloyds TSB Commercial Finance Scotland Limited	£000	£000
Balance outstanding at 31 May		
Unsecured loans and advances	(294)	(375)
Group relief payable	(5)	-
Group relief receivable	-	98
Transactions for the year ended 31 May		
Interest paid	27	36
Management charges	4	4

EVANSVILLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Related party transactions (continued)

Directors and key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the company Accordingly, key management comprise the directors of the company and the members of the Lloyds TSB Scotland plc board which comprises the statutory directors of that company and certain other senior management There were no transactions between the company and key management personnel during the current or preceding year Also there was no remuneration that was paid to key management personnel during the current or preceding year

16. Capital commitments and contingent liabilities

The company had no capital commitments or contingent liabilities at the balance sheet date

17. Future accounting developments

The following pronouncements will be relevant to the Company but were not effective at 31 May 2006 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
IFRS7 financial instruments disclosures	Consolidates the current financial instruments disclosures into a single standard and requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments	Annual periods beginning on or after 1 January 2007
Amendment to IAS1 Presentation of financial statements – capital disclosures	Introduces additional disclosures of the objectives, policies and processes for managing capital, qualitative data about what the entity regards as capital, and compliance with capital requirements	Annual periods beginning on or after 1 January 2007

The full impact of these pronouncements is being assessed by the Company, none of these pronouncements is expected to have a material impact