

# Lloyds UDT Business Equipment Limited

## Report and Accounts 2002

Registered office

71 Lombard Street  
London EC3P 3BS

Company number

2129340

Directors

J L Davies  
M P Kilbee  
D K Potts

Secretary

S O'Connor



# Report of the Directors

## Principal activity

The principal activity of the Company is leasing.

## Results and dividends

The profit after taxation for the year ended 31 January 2002 amounted to £649,570 (2001: £202,575).

A dividend of £649,570 (2001: £100,000) will be paid.

## Directors

The names of the directors of the Company, all of whom held office throughout the year, are shown on page 1.

Reference is made on page 7 in note 2 to the interests of the directors in the share and loan capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

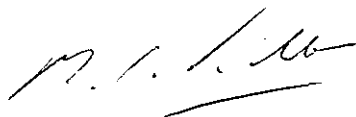
## Policy and practice on payment of creditors

The Company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding payments to suppliers. A copy of the code and information about it may be obtained from the Department of Trade and Industry, No 1 Victoria Street, London SW1H 0ET.

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 as at 31 January 2002, 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



M P Kilbee  
Director

26

November 2002

# Report of the independent auditors to the members of Lloyds UDT Business Equipment Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the accounting policies set out on page 6.

## Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described below, the financial statements. The United Kingdom Companies Act 1985 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 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, and the Auditing Standards issued by the Auditing Practices Board.

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 United Kingdom 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.

We read the directors' report contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## 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 affairs of the Company as at 31 January 2002 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

One Kingsway  
Cardiff  
CF10 3PW

26 November 2002

## Profit and loss account

31 January 2002

	Notes	2002 £	2001 £
Turnover	4	4,413,016	5,860,670
Interest payable	5	(2,704,046)	(2,594,509)
		1,708,970	3,266,161
Other operating charges		(882,336)	(2,982,056)
Profit on ordinary activities before taxation	4	826,634	284,105
Taxation on profit on ordinary activities	6	(177,064)	(81,530)
Profit on ordinary activities after taxation		649,570	202,575
Dividends payable		(649,570)	(100,000)
Profit for the financial year	13	-	102,575

The above results relate to continuing operations.

The Company has no recognised gains or losses other than the profits and losses 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 or the retained profit for the period stated above and their historical cost equivalents.

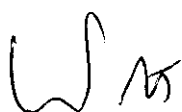
The notes on pages 6 to 10 form part of these financial statements.

# Balance sheet

31 January 2002

	Notes	2002 £	Restated 2001 £
<b>Fixed assets</b>			
Operating lease assets	7	8,710,565	8,507,298
<b>Current assets</b>			
Debtors: due within one year	8	17,753,220	23,434,326
due after more than one year	8	26,595,285	38,975,002
		44,348,505	62,409,328
Creditors: amounts falling due within one year	9	(46,390,047)	(63,960,880)
Net current liabilities		(2,041,542)	(1,551,552)
Total assets less current liabilities		6,669,023	6,955,746
Provisions for liabilities and charges	10	(6,552,277)	(6,839,000)
<b>Net assets</b>		<b>116,746</b>	<b>116,746</b>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	116,646	116,646
<b>Equity shareholders' funds</b>	13	<b>116,746</b>	<b>116,746</b>

The notes on pages 6 to 10 form part of these financial statements.



D K Potts  
Director

# Notes to the financial statements

31 January 2002

## 1. Principal accounting policies

Accounting policies are unchanged from 2001, except that during the year the Company has implemented the requirements of Financial Reporting Standard 18 "Accounting Policies" and Financial Reporting Standard 19 "Deferred Taxation"; the effect has not been significant.

### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

### Cash flow statement

As permitted by Financial Reporting Standard 1 (revised) "Cash Flow Statements", no cash flow statement is presented in these accounts, as the Company is a wholly owned subsidiary of Lloyds TSB Group plc which presents such a statement in its own accounts.

### Income recognition

Income from finance leases is credited to the profit and loss account in proportion to the funds invested so as to give a constant rate of return over each period. Income from operating leases is credited to profit and loss account on a rentals receivable basis.

### Commissions

Commission payable on new business is allocated to accounting periods over the life of agreements to produce a constant rate of charge on the outstanding balance. Commissions receivable are credited to the profit and loss account when earned.

### Leasing transactions

Assets leased to customers are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee; all other leases are classified as operating leases.

### Provisions for bad and doubtful debts

Loans and advances are written-off where there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their estimated realisable values.

### Deferred taxation

Deferred taxation is provided in full on all material timing differences. Deferred taxation assets are recognised where their recovery is considered more likely than not. Deferred taxation assets and liabilities have not been discounted.

### Depreciation

Assets leased under operating leases to customers are depreciated over the lease term down to their anticipated realisable value at the termination of each agreement to give a constant rate of return on the net investment. Anticipated realisable values are reassessed when appropriate, any permanent diminution in value being charged immediately to the profit and loss account.

### Related party transactions

Advantage has been taken of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose details of transactions with companies within the Lloyds TSB group, as the consolidated accounts of Lloyds TSB Group plc in which the Company is included are publicly available.

# Notes to the financial statements

31 January 2002

## 2. Directors' interests

The interests of the directors in the capital of Lloyds TSB Group plc were:

		At 31 January 2002	At 1 February 2001
Ordinary shares of 25p each			
J L Davies		141,215	141,215
M P Kilbee		31,288	30,698
D K Potts		52,304	52,304
Options to subscribe for ordinary shares of 25p each			
	At 1 February 2001	Granted during the year	At 31 January 2002
J L Davies	185,228	76,539	261,767
M P Kilbee	23,061	4,427	27,488
D K Potts	14,164	7,633	21,797

None of the directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

## 3. Directors and staff

The Company did not directly employ any persons during the year (2001: none), accounting and administrative services being provided by a fellow subsidiary undertaking.

No remuneration was paid or is payable by the Company to the directors (2001: £nil). The directors are employed by other companies in the Lloyds TSB group and consider that their services to the Company are incidental to their other activities within the group.

## 4. Profit on ordinary activities before taxation

	2002 £	2001 £
The profit before taxation is arrived at after taking into account the following items:		
<b>Turnover</b>		
Interest receivable from finance lease agreements	3,484,053	2,722,172
Rentals receivable from operating lease agreements	928,963	3,138,498
<b>Charges</b>		
Depreciation of operating lease assets	629,204	2,201,134
Loss on disposal of operating lease assets	-	435,825

Auditors' remuneration has been borne by the parent company.

## 5. Interest payable

This represents interest payable to the Company's immediate parent company.

# Notes to the financial statements

31 January 2002

## 6. Taxation on profit on ordinary activities

	2002 £	2001 £
UK corporation taxation		
Current taxation on profits for the year	135,787	498,530
Current taxation charge	135,787	498,530
Deferred taxation	41,277	(417,000)
	177,064	81,530

The charge for taxation on the profit for the year is based on a UK corporation taxation rate of 30% (2001: 30%).

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

	2002 £	2001 £
Taxation charge at UK corporation taxation rate of 30%	247,990	85,231
Capital allowances in excess of depreciation	(942)	485,194
Other deferred taxation timing differences	(111,261)	(71,895)
Current taxation charge	135,787	498,530

## 7. Operating lease assets

<b>Cost</b>	£
At 1 February 2001	10,921,176
Additions	5,565,340
Transfer to group undertakings	(6,790,491)
At 31 January 2001	9,696,025
<b>Depreciation</b>	£
At 1 February 2002	2,413,878
Charge for the year	629,204
Transfer to group undertakings	(2,057,622)
At 31 January 2002	985,460
<b>Net book value</b>	
31 January 2002	8,710,565
31 January 2001	8,507,298



# Notes to the financial statements

31 January 2002

## 8. Debtors

	2002 Due within one year £	2002 Due after more than one year £	Restated 2001 Due within one year £	Restated 2001 Due after more than one year £
Loans and advances to customers less provisions	17,360,750	26,595,285	20,615,855	38,975,002
Other debtors	392,470	-	2,818,471	-
	<b>17,753,220</b>	<b>26,595,285</b>	<b>23,434,326</b>	<b>38,975,002</b>

Loans and advances to customers less provisions at 31 January 2001 have been restated as a result of the offset of unearned finance charges against the gross receivables previously reported. The impact of this restatement is to reduce the level of loans reported by £3,466,448 and £6,553,444 for amounts due within one year and amounts due after one year respectively. This restatement has been made to align presentation with that adopted by fellow subsidiary companies. Previously unearned finance charges were included within creditors less than one year.

## 9. Creditors: amounts falling due within one year

	2002 £	Restated 2001 £
Amounts due to group undertakings	42,885,827	60,907,068
Corporation tax	1,719,582	1,385,307
Other creditors	1,135,068	1,568,505
Dividends payable	649,570	100,000
	<b>46,390,047</b>	<b>63,960,880</b>

## 10. Provisions for liabilities and charges

The movement on the deferred tax liability during the year is as follows:

	2002 £
At 1 February 2001	6,839,000
Transferred to fellow group companies	(328,000)
Amount charged to profit and loss account	41,277

At 31 January 2002	<b>6,552,277</b>
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The deferred tax liability at 31 January comprises:

	2002 £	2001 £
Accelerated capital allowances on fixed assets leased to customers	6,553,516	6,904,400
Other short term timing differences	(1,239)	(65,400)
	<b>6,552,277</b>	<b>6,839,000</b>

## Notes to the financial statements

31 January 2002

### 11. Called up share capital

	2002 £	2001 £
The share capital of the Company comprises:		
Authorised, issued, called up and 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 undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Lloyds TSB Asset Finance Division 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.

### 12. Profit and loss account

	£
At the start and end of the year	116,646

### 13. Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Profit for the financial year	-	102,575
Net increase in equity shareholders' funds	-	102,575
Opening shareholders' funds	116,746	14,171
Closing shareholders' funds	116,746	116,746

### 14. Other liabilities

There were no contracted and committed capital commitments or contingencies at the balance sheet date (2001: £nil).

### 15. Date of approval

The directors approved the accounts on 26 November 2002.