

# **Lloyds UDT Business Equipment Limited**

## **Report and Accounts 31 January 2003**

Registered office

25 Gresham Street  
London  
EC2V 7HN

Company number

2129340

Directors

J L Davies  
M P Kilbee  
D K Potts

Company Secretary

David Jarvis



# 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 2003 amounted to £594,210 (2002: £649,570).

A dividend of £594,210 (2002: £649,570) is proposed.

## 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 8 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 the making of payments to suppliers. A copy of the code and information about it may be obtained from The DTI Publications Order Line 0870 - 1502500 quoting ref. URN 01/621.

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 2003, 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 2003

# 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 7.

## 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. 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 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

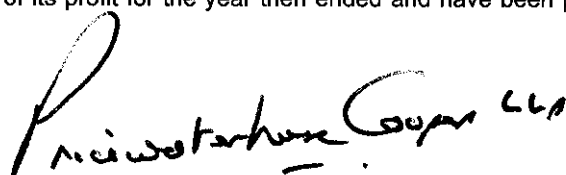
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

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

## 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopersLLP  
Chartered Accountants and Registered Auditors

One Kingsway  
Cardiff  
CF10 3PW

26 November 2003

## Profit and loss account

31 January 2003

	Notes	2003 £	2002 £
Turnover	4	4,697,007	4,413,016
Interest payable	5	(2,022,032)	(2,704,046)
		2,674,975	1,708,970
Other operating charges		(1,797,427)	(882,336)
Profit on ordinary activities before taxation	4	877,548	826,634
Taxation on profit on ordinary activities	6	(283,338)	(177,064)
Profit on ordinary activities after taxation		594,210	649,570
Dividends payable		(594,210)	(649,570)
Retained profit for the financial year	12	-	-

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.

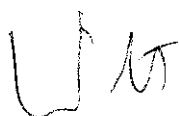
The notes on pages 7 to 12 form part of these financial statements.

# Balance sheet

31 January 2003

	Notes	2003 £	Restated 2002 £
<b>Fixed assets</b>			
Operating lease assets	7	7,465,268	8,710,565
<b>Current assets</b>			
Debtors: due within one year	8	17,062,803	17,436,522
due after more than one year	8	24,154,759	26,044,113
		41,217,562	43,480,635
Creditors: amounts falling due within one year	9	(42,004,584)	(45,522,177)
Net current liabilities		(787,022)	(2,041,542)
Total assets less current liabilities		6,678,246	6,669,023
Provisions for liabilities and charges	10	(6,561,500)	(6,552,277)
<b>Net assets</b>		116,746	116,746
<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	116,746	116,746

The notes on pages 7 to 12 form part of these financial statements.



D K Potts  
Director

# Notes to the financial statements

31 January 2003

## 1. Principal accounting policies

Accounting policies are unchanged from 2002.

### 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.

### 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.

### Deferred taxation

Full provision is made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. The Company has chosen not to discount deferred tax assets and liabilities.

### 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 2003

## 2. Directors' interests

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

	At 31 January 2003	At 1 February 2002
Ordinary shares of 25p each		
J L Davies	141,215	141,215
M P Kilbee	31,977	31,288
D K Potts	49,904	52,304

Options to subscribe for ordinary shares of 25p each

	At 1 February 2002	Granted during the year	Exercised during the year	At 31 January 2003
J L Davies	261,767	127,622	-	389,389
M P Kilbee	27,488	5,594	4,146	28,936
D K Potts	21,797	7,132	-	28,929

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 (2002: 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 (2002: £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

	2003 £	2002 £
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The profit before taxation is arrived at after taking into account the following items:

### Turnover

Interest receivable from:		
Operating lease contracts	1,959,904	928,963
Finance lease contracts	2,737,103	3,484,053

### Charges

Depreciation of operating lease assets	1,350,987	629,204
Loss on disposal of operating lease assets	(1,157)	-

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 2003

## 6. Taxation

### (a) Analysis of charge in the year

2003  
£

2002  
£

The charge for taxation is made up as follows:

#### Current tax

Current tax on profits for the year  
Adjustments in respect of prior years

380,680  
(106,565)

135,787  
-

Total current tax (note 6(b))

274,115

135,787

#### Deferred tax

Origination and reversal of timing differences  
Adjustment in respect of prior year

(117,202)  
126,425

41,277  
-

Total deferred tax (note 10)

9,223

41,277

**Total tax charge on profit on ordinary activities**

**283,338**

**177,064**

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

2003  
£

2002  
£

Profit before tax

877,548

826,634

Profit multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)

263,264

247,990

Effects of:

Temporary differences between taxable and accounting profit:

Accelerated capital allowances  
Other timing differences  
Adjustment in respect of prior years

117,416  
-  
(106,565)

(942)  
(111,261)  
-

**Current tax charge for year (note 6(a))**

**274,115**

**135,787**

# Notes to the financial statements

31 January 2003

## 7. Operating lease assets

	£
<b>Cost</b>	
At 1 February 2002	9,696,025
Additions	147,549
Disposals	(106,618)
<b>At 31 January 2003</b>	<b>9,736,956</b>

	£
<b>Depreciation</b>	
At 1 February 2002	985,460
Charge for the year	1,350,987
Disposals	(64,759)
<b>At 31 January 2003</b>	<b>2,271,688</b>

<b>Net book value</b>	
<b>31 January 2003</b>	<b>7,465,268</b>
31 January 2002	8,710,565

## 8. Debtors

	2003 Due within one year £	2003 Due after more than one year £	Restated 2002 Due within one year £	Restated 2002 Due after more than one year £
Loans and advances to customers less provisions	16,543,015	24,154,759	17,044,052	26,044,113
Other debtors	519,788	-	392,470	-
	<b>17,062,803</b>	<b>24,154,759</b>	<b>17,436,522</b>	<b>26,044,113</b>

Loans and advances to customers includes finance leases.

Loans and advances to customers less provisions at 31 January 2002 have been restated as a result of the offset of leasing accruals against the gross receivables previously reported. The impact of this restatement is to reduce the level of loans reported by £316,698 and £551,172 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 leasing accruals were included within other creditors.

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

	2003 £	Restated 2002 £
Amounts due to group undertakings	40,827,609	42,885,827
Corporation tax	380,680	1,719,582
Other creditors	202,085	267,198
Dividends payable	594,210	649,570
	<b>42,004,584</b>	<b>45,522,177</b>

# Notes to the financial statements

31 January 2003

## 10. Provisions for liabilities and charges

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

	2003 £
At 1 February 2002	6,552,277
Amount charged to profit and loss account	9,223
<b>At 31 January 2003</b>	<b>6,561,500</b>

The deferred tax liability at 31 January comprises:

	2003 £	2002 £
Accelerated capital allowances on fixed assets leased to customers	6,562,739	6,553,516
Other short term timing differences	(1,239)	(1,239)
	<b>6,561,500</b>	<b>6,552,277</b>

## 11. Called up share capital

	2003 £	2002 £
Authorised:		
Ordinary shares of £1 each	1,000	1,000
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, 25 Gresham Street, London EC2V 7HN.

## 12. Profit and loss account

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

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

	2003 £	2002 £
Opening and closing equity shareholders' funds	116,746	116,746

## Notes to the financial statements

31 January 2003

### 14. Other liabilities

There were no contracted capital commitments or contingencies at the balance sheet date (2002: £nil).

### 15. Date of approval

The directors approved the accounts on 26 November 2003