

2331211

LLOYDS BUSINESS LEASING LIMITED

30 June 2001



Member of Lloyds TSB Group

LLOYDS BUSINESS LEASING LIMITED
203 Blackfriars Road, London SE1 8NH

DIRECTORS

D P Pritchard - Chairman
M J Green
R S King (alternate: A B Vowles)
P B Miles (alternate: A R Foad)
F M P Riding
R R Seggins

SECRETARY

S O'Connor

AUDITORS

PricewaterhouseCoopers

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

2331211

LLOYDS BUSINESS LEASING LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is the leasing of plant and equipment.

At the end of the year the cost of leased assets owned amounted to £4,298,000.

RESULTS

The loss after taxation for the year ended 30 June 2001 amounted to £9,000 as set out in the profit and loss account on page 5.

DIRECTORS

The following changes in directors have taken place during the year:

| <u>Director's name</u> | <u>Appointed</u> | <u>Resigned</u> |
|------------------------|------------------|-----------------|
| A J Cumming * | | 5 March 2001 |
| F M P Riding | 5 March 2001 | |
| A B Vowles* | 5 March 2001 | |

* alternate director to R S King

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.

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 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 at 30 June 2001, 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 O'Connor
Secretary

10 September 2001

AUDITORS' REPORT TO THE MEMBER OF LLOYDS BUSINESS LEASING LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

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 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 have responsibility for ensuring the company keeps 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, by the Auditing Practices Board and our profession's ethical guidance.

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. 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 June 2001 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

PricewaterhouseCoopers

Southwark Towers
32 London Bridge Street
London SE1 9SY

10 September 2001

LLOYDS BUSINESS LEASING LIMITED

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. 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. Net interest income has been shown above administration expenses since this reflects more meaningfully the nature of interest expense within the context of a leasing business. Operating expenses include administration 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) 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.

(c) 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.

(d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are matched and are translated into sterling at original contractual rates.

(e) Deferred taxation

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

LLOYDS BUSINESS LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2001

| | Note | 2001 £000 | 2000 £000 |
|---|------|--------------|--------------|
| TURNOVER | 1 | 4,035 | 5,027 |
| AMORTISATION OF LEASED ASSETS | | 4,115 | 4,744 |
| | | <u>(80)</u> | <u>283</u> |
| NET INTEREST INCOME (EXPENSE) | 2 | 134 | (177) |
| | | <u>54</u> | <u>106</u> |
| OPERATING EXPENSES | | | |
| Management fee payable to parent company | | 67 | 63 |
| | | <u>(13)</u> | <u>43</u> |
| (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | |
| TAXATION CREDIT (CHARGE) | 4 | 4 | (13) |
| | | <u>(9)</u> | <u>30</u> |
| (LOSS) PROFIT FOR THE FINANCIAL YEAR | | | |
| PROPOSED DIVIDEND | | - | 40 |
| | | <u>(9)</u> | <u>(10)</u> |
| RETAINED LOSS FOR THE FINANCIAL YEAR | 8 | | |

There are no further gains or losses attributable to the shareholder other than those disclosed above.

LLOYDS BUSINESS LEASING LIMITED

BALANCE SHEET
at 30 June 2001

| | Note | 2001 £000 | 2000 £000 |
|--|------|--------------|--------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| DEBTORS | | | |
| Finance lease receivables within one year | 5 | 39 | 139 |
| Amounts owed by group companies | 6 | 1,352 | 2,533 |
| Deferred taxation asset | 10 | 80 | - |
| | | <hr/> | <hr/> |
| | | 1,471 | 2,672 |
| | | <hr/> | <hr/> |
| LIABILITIES | | | |
| SHAREHOLDER'S FUNDS | | | |
| Called up share capital | 7 | 100 | 100 |
| Profit and loss account | 8 | 2 | 11 |
| | | <hr/> | <hr/> |
| | 9 | 102 | 111 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 10 | - | 789 |
| CREDITORS | | | |
| Amounts owed to group companies | 11 | 1,361 | 1,767 |
| Other creditors | | 8 | 5 |
| | | <hr/> | <hr/> |
| | | 1,369 | 1,772 |
| | | <hr/> | <hr/> |
| | | 1,471 | 2,672 |
| | | <hr/> | <hr/> |


Director

The notes on pages 7 to 9 form part of these accounts.

LLOYDS BUSINESS LEASING LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year.

2 NET INTEREST INCOME (EXPENSE)

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| Net interest income (expense) comprises: | | |
| Interest receivable from group companies | 134 | 308 |
| Less: Interest payable to group companies on bank loans and overdrafts | - | (485) |
| | <u>134</u> | <u>(177)</u> |

3 ADMINISTRATIVE EXPENSES

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

4 TAXATION CREDIT (CHARGE)

| | 2001 £000 | 2000 £000 |
|-------------------------------------|--------------|--------------|
| Group relief payable – current year | (865) | (1,277) |
| Deferred taxation | 869 | 1,264 |
| | <u>4</u> | <u>(13)</u> |

The taxation credit (2000: charge) on the loss (2000: profit) for the year has been based on a United Kingdom corporation tax rate of 30% (2000: 30%).

5 FINANCE LEASE RECEIVABLES

| | 2001 £000 | 2000 £000 |
|---------------------------------------|--------------|--------------|
| Future rentals | - | 3,987 |
| Add (less): | | |
| Rentals received in arrears (advance) | 39 | (3,975) |
| Income allocated to future periods | - | 127 |
| | <u>39</u> | <u>139</u> |

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

| | | |
|--------------------------|--------------|---------------|
| Accumulated amortisation | <u>4,298</u> | <u>27,405</u> |
|--------------------------|--------------|---------------|

LLOYDS BUSINESS LEASING LIMITED

NOTES TO THE ACCOUNTS

6 AMOUNTS OWED BY GROUP COMPANIES

| | 2001 £000 | 2000 £000 |
|--------------------------------------|--------------|--------------|
| Amounts falling due within one year: | | |
| Bank deposits | 1,218 | 2,533 |
| Interest receivable | 134 | - |
| | <hr/> | <hr/> |
| | 1,352 | 2,533 |
| | <hr/> | <hr/> |

7 CALLED UP SHARE CAPITAL

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| Authorised, allotted and issued fully paid: shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

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, 71 Lombard Street, London EC3P 3BS.

8 PROFIT AND LOSS ACCOUNT

| | £000 |
|----------------------------|-------|
| At 1 July 2000 | 11 |
| Retained loss for the year | (9) |
| | <hr/> |
| At 30 June 2001 | 2 |
| | <hr/> |

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2001 £000 | 2000 £000 |
|---|--------------|--------------|
| (Loss) profit for the year after taxation | (9) | 30 |
| Dividend | - | 40 |
| | <hr/> | <hr/> |
| Net decrease in shareholder's funds | (9) | (10) |
| Shareholder's funds at beginning of year | 111 | 121 |
| | <hr/> | <hr/> |
| Shareholder's funds at end of year | 102 | 111 |
| | <hr/> | <hr/> |

LLOYDS BUSINESS LEASING LIMITED

NOTES TO THE ACCOUNTS

10 DEFERRED TAXATION ASSET (LIABILITY)

| | £000 |
|---------------------|-------|
| At 1 July 2000 | (789) |
| Credit for the year | 869 |
| | <hr/> |
| At 30 June 2001 | 80 |
| | <hr/> |

The balances at 1 July 2000 and 30 June 2001 represent full provision in respect of the potential benefit (2000: liability) of the company to taxation on the shortfall (2000: excess) of capital allowances over related amortisation of leased assets and other short-term timing differences.

11 AMOUNTS OWED TO GROUP COMPANIES

| | 2001 £000 | 2000 £000 |
|--------------------------------------|--------------|--------------|
| Amounts falling due within one year: | | |
| Group relief payable | 1,361 | 1,727 |
| Dividend payable | - | 40 |
| | <hr/> | <hr/> |
| | 1,361 | 1,767 |
| | <hr/> | <hr/> |

12 DATE OF APPROVAL

The directors approved the accounts on 10 September 2001.