

B.C.H. LEASING LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 1999



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Registered number 2682737

# B.C.H. LEASING LIMITED

## DIRECTORS

B. P. Back	P. Nestor-Sherman
F. D. Hallatt	P. S. Sherman
A. M. Keogh	R. P. Young

## REPORT OF THE DIRECTORS

The directors submit herewith the Balance Sheet at 30th September 1999, together with the Profit and Loss Account for the year ended on that date.

### RESULT AND DIVIDEND

The result for the year is set out in the attached Profit and Loss Account. A dividend of £180,000 was paid during the year. The directors do not recommend the payment of a final dividend for the year.

### PRINCIPAL ACTIVITY

The principal activity of the company is leasing.

### BUSINESS REVIEW

Both the level of business transacted during the year and the year end financial position were satisfactory, and the directors anticipate continuation of the level of activity.

### DIRECTORS

Mrs A. M. Keogh was appointed as a director on 12th November 1998. The other directors listed above were directors throughout the year.

None of the directors had a beneficial interest in the shares of the company during the year. The interest of the directors in the ordinary shares and options to subscribe for shares in group companies were as follows:-

	<u>At 30.9.99</u>		<u>Options</u>	<u>Options</u>	<u>At 1.10.98</u>	
	<u>Shares</u>	<u>Options</u>	<u>granted</u>	<u>exercised</u>	<u>or date of appointment</u>	<u>Options</u>
			<u>during year</u>	<u>during year</u>	<u>Shares</u>	<u>Options</u>
In the ordinary shares of						
25p each of Lloyds TSB						
Group plc:						
B. P. Back	-	-	-	-	-	-
F. D. Hallatt	1,127	4,146	-	-	1,127	4,146
A. M. Keogh	-	2,592	-	-	-	2,592
P. Nestor-Sherman	5,776	40,483	6,000	-	5,735	34,483
P. S. Sherman	658	2,949	-	-	658	2,949
R. P. Young	-	-	-	-	-	-

### YEAR 2000

The company is a member of the Lloyds UDT Finance group of companies, and because it utilises common information systems, is subject to the same risks and uncertainties in connection with the Year 2000 issue as its parent Lloyds UDT Finance Limited. The directors of Lloyds UDT Finance Limited undertook a detailed program to review, test and evaluate the group's, and therefore the company's, ability to process transactions with dates beyond 31st December 1999. The review programme also encompassed the impact of Year 2000 issues on relations with certain key customers and suppliers, where the relationship may have a material impact on the group's, and also the company's operations or financial statements. The cost of this program has been borne by Lloyds UDT Finance Limited.

The primary critical date of 1st January 2000 has passed without any significant impact on the company's operations. Full details of the Year 2000 review program, and the related costs incurred can be found in the financial statements of Lloyds UDT Finance Limited.

By Order of the Board,

M. P. KILBEE

Secretary

30th May 2000

B.C.H. LEASING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, 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 accounts; and
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS  
TO THE MEMBERS OF B.C.H. LEASING LIMITED

We have audited the accounts on pages 3 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information 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 accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse Coopers*  
PRICEWATERHOUSECOOPERS  
Chartered Accountants  
and Registered Auditors  
Erskine House  
68-73 Queen Street  
EDINBURGH EH2 4NH  
30th May 2000

*30 May 2000*

B.C.H. LEASING LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
TURNOVER	2	1,730,795	1,526,767
INTEREST PAYABLE	3	(1,025,159)	(914,006)
OTHER OPERATING CHARGES		(448,130)	(294,029)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	257,506	318,732
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(63,746)	(54,420)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		193,760	264,312
DIVIDENDS		(180,000)	(265,000)
		13,760	(688)
RETAINED PROFIT BROUGHT FORWARD		2,508	3,196
RETAINED PROFIT CARRIED FORWARD		<u>16,268</u>	<u>2,508</u>

There are no recognised gains or losses other than the profit for the year and all operations are continuing.

The notes on pages 5 to 8  
form part of these accounts.

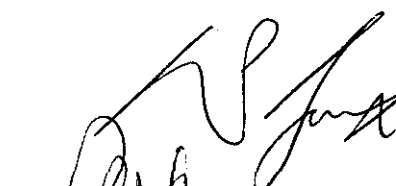
B.C.H. LEASING LIMITED

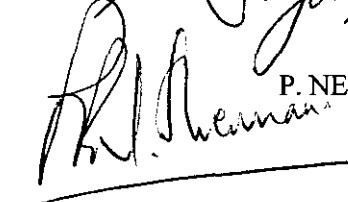
BALANCE SHEET

AT 30TH SEPTEMBER 1999

	<u>Notes</u> £	<u>1999</u> £	<u>1998</u>
FIXED ASSETS			
Operating lease assets	6	12,430,497	-
CURRENT ASSETS			
Debtors: due within one year	7	13,689,463	14,035,873
due after more than one year	7	4,790,420	13,738,862
		18,479,883	27,774,735
CREDITORS: amounts falling due within one year	8	(28,004,224)	(23,687,789)
NET CURRENT (LIABILITIES) ASSETS		(9,524,341)	4,086,946
TOTAL ASSETS LESS CURRENT LIABILITIES		2,906,156	4,086,946
PROVISIONS FOR LIABILITIES AND CHARGES	9	(2,080,000)	(1,855,000)
ACCRUALS AND DEFERRED INCOME	10	(809,886)	(2,229,436)
NET ASSETS		16,270	2,510
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	2	2
PROFIT AND LOSS ACCOUNT		16,268	2,508
SHAREHOLDERS' FUNDS		16,270	2,510

The notes on pages 5 to 8  
form part of these accounts.

  
B. P. BACK  
Director

  
P. NESTOR-SHERMAN  
Director

B.C.H. LEASING LIMITED  
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting Convention:

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with Financial Reporting Standard 1 is included in the accounts of the immediate parent company, M.E.V.C. Finance Limited.

(b) Income Recognition – Finance Leases:

Income from finance leasing contracts is credited to the profit and loss account over the period of investment in proportion to the level of net funds invested.

(c) Depreciation of Operating Lease Assets:

Depreciation of operating lease assets is calculated so as to give a release of net income from these assets to the profit and loss account over the period of investment in the assets in proportion to the level of net funds invested.

(d) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

2. TURNOVER

Turnover represents the amount of leasing income earned under instalment finance arrangements.

During the year aggregate receivables were £11,970,091 (1998, £12,565,224) and the cost of assets acquired was £12,684,154 (1998, £9,722,174).

	<u>1999</u> £	<u>1998</u> £
3. INTEREST PAYABLE		
On loans from group companies	1,025,159	914,006
	<u>          </u>	<u>          </u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The following have been taken into account on arriving at the profit:		
Audit fee	5,000	5,000
	<u>          </u>	<u>          </u>
Directors' emoluments	-	-
	<u>          </u>	<u>          </u>
Depreciation of operating lease assets	214,453	-
	<u>          </u>	<u>          </u>
Bad and doubtful debts charge	18,947	21,308
	<u>          </u>	<u>          </u>

B.C.H. LEASING LIMITED  
NOTES TO THE ACCOUNTS

5. TAXATION	<u>1999</u>	<u>1998</u>
	£	£
Current year:		
Corporation tax (recoverable) payable at 30.5% (1998, 31%)	(153,686)	779,062
Transfer to deferred taxation	216,945	(724,928)
	<hr/>	<hr/>
	63,259	54,134
Previous year adjustments:		
Corporation tax	(7,568)	(64)
Group relief	-	11,200
Deferred tax	8,055	(10,850)
	<hr/>	<hr/>
	<u>63,746</u>	<u>54,420</u>

The benefit in the tax charge amounting to £15,000 arises as a result of the reduction in the rate at which deferred tax is provided.

6. OPERATING LEASE ASSETS	£
Cost:	
Additions	12,644,950
	<hr/>
At 30th September 1999	12,644,950
	<hr/>
Depreciation:	
Charge for year	214,453
	<hr/>
At 30th September 1999	214,453
	<hr/>
Net book value:	
At 30th September 1999	12,430,497
	<hr/>
At 30th September 1998	-
	<hr/>

7. DEBTORS	<u>1999</u>	<u>1998</u>
	Due after Due within <u>one year</u>	Due after Due within <u>one year</u>
	£	£
Trade debtors:		
Rentals receivable under leasing contracts	6,220,600	4,790,420
Amounts owed by other group companies	5,635,739	-
Other debtors	1,544,438	-
Corporation tax recoverable	288,686	-
	<hr/>	<hr/>
	13,689,463	4,790,420
		<hr/>
		14,035,873
		<hr/>
		13,738,862

B.C.H. LEASING LIMITED  
NOTES TO THE ACCOUNTS

8. CREDITORS: amounts falling due within one year	<u>1999</u> £	<u>1998</u> £
Trade creditors	5,001,044	1,728,988
Amounts owed to group companies	23,003,180	21,103,539
Dividend declared	-	65,000
Corporation tax	-	779,062
Group relief	-	11,200
	<hr/>	<hr/>
	<u>28,004,224</u>	<u>23,687,789</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES	£
Deferred taxation:	
Balance at 30th September 1998	1,855,000
Transfer from Profit and Loss Account	225,000
	<hr/>
Balance at 30th September 1999	<u>2,080,000</u>

The amounts provided at 30th September 1999 and 1998 were the full potential liabilities and were attributable to accelerated capital allowances.

10. ACCRUALS AND DEFERRED INCOME	<u>1999</u> £	<u>1998</u> £
Unearned leasing income	<u>809,886</u>	<u>2,229,436</u>

11. SHARE CAPITAL		
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>



B.C.H. LEASING LIMITED  
NOTES TO THE ACCOUNTS

12. RELATED PARTY TRANSACTIONS

The company is exempt from reporting transactions with MEVC Finance Limited and its fellow subsidiary companies in accordance with Financial Reporting Standard 8 because it is wholly owned by that company. Lloyds UDT Finance Limited is an intermediate parent company which indirectly owns 75% of the company and is therefore a related party.

In the normal course of business the company enters into transactions with Lloyds UDT Finance Limited and its subsidiary company Lloyds UDT Limited as follows:-

	<u>1999</u> £	<u>1998</u> £
Interest payable on group borrowings -		
Lloyds UDT Finance Limited	1,025,159	914,006
Management charges - Lloyds UDT Limited	103,040	117,973
Net amounts payable to		
Lloyds UDT Finance Limited and its wholly owned subsidiaries	17,367,441	19,333,831

13. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 30th May 2000.

14. PARENT COMPANIES

The company's ultimate parent company is Lloyds TSB Group plc. A copy of its group accounts can be obtained from Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

The company's immediate parent company is M.E.V.C Finance Limited. A copy of its group accounts can be obtained from M.E.V.C. Finance Limited, 51 Holdenhurst Road, Bournemouth BH8 8EP.