

B.C.H. Leasing Limited

Report and Accounts 30 September 2004

Registered office

25 Gresham Street
London
EC2V 7HN

Company number

2682737

Directors

T Bartlett
M J D Griffiths
F D Hallatt
D K Potts
P J Stones
T M Wylie
J Woolley
R P Young

Secretary

M P Kilbee



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 30 September 2004 amounted to £492,860 (2003: £972,538) as set out in profit and loss account on page 5.

Directors

The names of the directors of the Company at 30 September 2004 are shown on page 1.

The following changes have taken place during the year:

| | |
|-----------------|--|
| E M Ettershank | (resigned 3 November 2003) |
| M J D Griffiths | (appointed 3 November 2003) |
| A M Keogh | (resigned 3 November 2003) |
| D K Potts | (appointed 3 November 2003) |
| P S Sherman | (resigned 3 November 2003) |
| P J Stones | (appointed 3 November 2003) |
| P A H Wallwork | (resigned 3 November 2003) |
| J Woolley | (alternate to P J Stones appointed 23 June 2005) |
| T M Wylie | (appointed 3 November 2003) |

Directors' interests

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

| | At 30 September 2004 | At 1 October 2003 |
|-----------------------------|-------------------------|----------------------|
| Ordinary shares of 25p each | | |
| M J D Griffiths | 43,160 | 40,124 |
| F D Hallatt | 7,651 | 7,084 |
| D K Potts | 52,636 | 51,502 |
| P J Stones | 7,140 | 5,871 |
| T M Wylie | 4,746 | 3,706 |

Options to subscribe for ordinary shares of 25p each

| | At 1 October 2003 or later date of appointment | Granted during the year | Exercised during the year | At 30 September 2004 |
|-----------------|--|----------------------------|------------------------------|-------------------------|
| M J D Griffiths | 9,587 | - | - | 9,587 |
| F D Hallatt | 3,327 | - | - | 3,327 |
| D K Potts | 44,910 | 21,228 | - | 66,138 |
| P J Stones | 60,118 | 30,530 | - | 90,648 |
| T M Wylie | 6,855 | - | - | 6,855 |

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

Report of the Directors

Statement of directors' responsibilities

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.

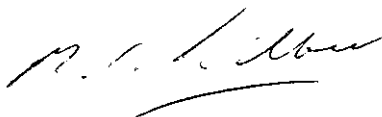
Policy and practice on payment of creditors

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 04/606.

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 30 September 2004, 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
Company Secretary

31 August 2005

Report of the independent auditors to the members of B.C.H. Leasing Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements, in accordance with applicable United Kingdom law and accounting standards, are set out in the statement of directors' responsibilities

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 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 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.

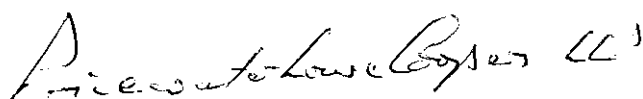
Basis of audit opinion

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 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

1st September 2005

Profit and loss account

30 September 2004

| | Notes | 2004 £ | 2003 £ |
|---|-------|-------------|--------------|
| Turnover | 3 | 8,365,629 | 12,476,859 |
| Interest payable | 4 | (335,193) | (1,201,503) |
| | | 8,030,436 | 11,275,356 |
| Other operating charges | | (7,352,772) | (10,016,189) |
| Profit on ordinary activities before taxation | 3 | 677,664 | 1,259,167 |
| Taxation on profit on ordinary activities | 5 | (184,804) | (286,629) |
| Retained profit | 11 | 492,860 | 972,538 |

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 tax or the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

Balance sheet

30 September 2004

| | Notes | 2004 £ | 2003 £ |
|--|-------|--------------|--------------|
| Fixed assets | | | |
| Operating lease assets | 6 | 20,498,648 | 26,469,288 |
| Current assets | | | |
| Debtors: due within one year | 7 | 788,945 | 1,545,143 |
| due after more than one year | 7 | - | - |
| Cash at bank | | - | 30,644 |
| | | 788,945 | 1,575,787 |
| Creditors: amounts falling due within one year | 8 | (18,458,693) | (25,182,535) |
| Net current liabilities | | (17,669,748) | (23,606,748) |
| Total assets less current liabilities | | 2,828,900 | 2,862,540 |
| Provisions for liabilities and charges | 9 | (1,363,500) | (1,890,000) |
| Net assets | | 1,465,400 | 972,540 |
| Capital and reserves | | | |
| Called up share capital | 10 | 2 | 2 |
| Profit and loss account | 11 | 1,465,398 | 972,538 |
| Equity shareholders' funds | 12 | 1,465,400 | 972,540 |

The notes on pages 7 to 11 form part of these financial statements.



D K Potts
Director



R P Young
Director

Notes to the financial statements

30 September 2004

1. Principal accounting policies

Accounting policies are unchanged from 2003.

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 M.E.V.C. Finance Limited which presents such a statement in its own accounts.

Income recognition

Income from instalment credit transactions and 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 the 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 and instalment credit 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.

Notes to the financial statements

30 September 2004

2. Directors and staff

The Company did not directly employ any persons during the year (2003: 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 (2003: £nil).

3. Profit on ordinary activities before taxation

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

| | 2004 £ | 2003 £ |
|--|-----------|------------|
| Turnover | | |
| Rentals receivable from operating lease agreements | 8,365,629 | 12,463,838 |
| Interest receivable from finance lease agreements | - | 13,021 |

Included in turnover is the profit arising from disposal of operating lease vehicles £9,280 (2003: £61,999)

| | | |
|--|-----------|------------|
| Charges | | |
| Depreciation of operating lease assets | 7,151,698 | 10,389,332 |
| Release of over-accruals booked in prior years | - | (394,000) |
| Management fees | 128,000 | 25,060 |

Auditors' remuneration has been borne by the parent company.

4. Interest payable

This represents interest payable to other group undertakings.

5. Taxation

| (a) Analysis of charge in the year | 2004 £ | 2003 £ |
|------------------------------------|-----------|-----------|
|------------------------------------|-----------|-----------|

The charge for taxation is made up as follows:

Current tax

| | | |
|--|---------|-----------|
| Group relief payable on profits for the year | 711,304 | 1,364,406 |
| Prior year | - | 18,223 |

| | | |
|--------------------------------------|---------|-----------|
| Total current tax charge (note 5(b)) | 711,304 | 1,382,629 |
|--------------------------------------|---------|-----------|

Deferred tax

| | | |
|---|-----------|-------------|
| Origination and reversal of timing differences - current year | (509,187) | (1,096,000) |
| - prior year | (17,313) | - |

| | | |
|------------------------------------|-----------|-------------|
| Total deferred tax credit (note 9) | (526,500) | (1,096,000) |
|------------------------------------|-----------|-------------|

| | | |
|--|----------------|----------------|
| Total tax charge on profit on ordinary activities | 184,804 | 286,629 |
|--|----------------|----------------|

Notes to the financial statements

30 September 2004

5. Taxation (continued)

(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:

| | 2004 £ | 2003 £ |
|--|----------------|------------------|
| Profit before tax | 677,664 | 1,259,167 |
| Profit multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%) | 203,299 | 377,750 |
| Effects of: | | |
| Permanent differences | - | (109,200) |
| Temporary differences between taxable and accounting profit | | |
| Accelerated capital allowances | 508,005 | 1,095,856 |
| Adjustment in respect of prior years | - | 18,223 |
| Current tax charge for year (note 5(a)) | 711,304 | 1,382,629 |

6. Operating lease assets

| | |
|-----------------------------|-------------------|
| | £ |
| Cost | |
| At 1 October 2003 | 39,253,163 |
| Additions | 7,418,347 |
| Disposals | (15,464,147) |
| At 30 September 2004 | 31,207,363 |
| Depreciation | |
| At 1 October 2003 | 12,783,875 |
| Charge for the year | 7,151,698 |
| Disposals | (9,226,858) |
| At 30 September 2004 | 10,708,715 |
| Net book value | |
| At 30 September 2004 | 20,498,648 |
| At 30 September 2003 | 26,469,288 |

Notes to the financial statements

30 September 2004

7. Debtors

| | 2004 Due within one year £ | 2004 Due after more than one year £ | 2003 Due within one year £ | 2003 Due after more than one year £ |
|---------------|-------------------------------------|---|-------------------------------------|---|
| Trade debtors | 556,092 | - | 1,488,896 | - |
| Other debtors | 232,853 | - | 56,247 | - |
| | 788,945 | - | 1,545,143 | - |

8. Creditors: amounts falling due within one year

| | 2004 £ | 2003 £ |
|-----------------------------------|-------------------|-------------------|
| Amounts due to group undertakings | 12,600,566 | 16,646,743 |
| Group relief payable | 711,304 | 1,364,406 |
| Other creditors | 5,146,823 | 7,171,386 |
| | 18,458,693 | 25,182,535 |

9. Provisions for liabilities and charges

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

| | 2004 £ |
|-----------------------------------|------------------|
| At 1 October 2003 | 1,890,000 |
| Credit to profit and loss account | (526,500) |
| At 30 September 2004 | 1,363,500 |

The deferred tax liability at 30 September comprises:

| | 2004 £ | 2003 £ |
|-------------------------------------|------------------|------------------|
| Accelerated capital allowances | 1,363,500 | 1,893,300 |
| Other short term timing differences | - | (3,300) |
| | 1,363,500 | 1,890,000 |

10. Called up share capital

| | 2004 £ | 2003 £ |
|-----------------------------------|-----------|-----------|
| Authorised: | | |
| Ordinary shares of £1 each | 1,000 | 1,000 |
| Issued, called-up and fully paid: | | |
| Ordinary shares of £1 each | 2 | 2 |

The immediate parent company is M.E.V.C. 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 accounts are drawn up and of which the Company is a member. M.E.V.C. Finance 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.

Notes to the financial statements

30 September 2004

11. Profit and loss account

£

| | |
|-----------------------------|------------------|
| At 1 October 2003 | 972,538 |
| Profit for the year | 492,860 |
| <hr/> | |
| At 30 September 2004 | 1,465,398 |

12. Reconciliation of movements in equity shareholders' funds

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Profit for the financial year | 492,860 | 972,538 |
| <hr/> | | |
| Net increase in equity shareholders' funds | 492,860 | 972,538 |
| Opening equity shareholders' funds | 972,540 | 2 |
| <hr/> | | |
| Closing equity shareholders' funds | 1,465,400 | 972,540 |

13. Other liabilities

There were no contracted capital commitments or contingencies at the balance sheet date (2003: £nil).

14. Date of approval

The directors approved the accounts on

31 August 2005