

B.C.H. Leasing Limited

Report and Accounts 30 September 2003

Registered office

51 Holdenhurst Road
Bournemouth
BH8 8EP

Company number

2682737

Directors

T Bartlett
M Griffiths
F D Hallatt
D K Potts
P J Stones
T M Wylie
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 2003 amounted to £972,538 (2002: £130,955) as set out in profit and loss account on page 5.

A dividend of £nil is payable. (2002: £192,498).

Directors

The names of the directors of the Company each of whom held office throughout the year to 30 September 2003 are shown on page 1.

The following changes have taken place since the balance sheet date:

E M Ettershank	(resigned 3 November 2003)
M 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)
T M Wylie	(appointed 3 November 2003)

Reference is made on page 8 in note 2 to the interests of the directors in the share 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 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 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
Company Secretary

29 JULY 2004

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 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 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

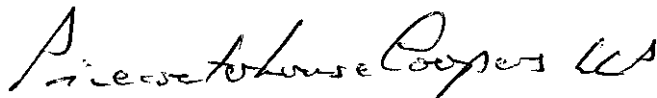
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

Report of the independent auditors to the members of B.C.H. Leasing 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 30 September 2003 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

30th July 2004

Profit and loss account

30 September 2003

	Notes	2003 £	2002 £
Turnover	4	12,476,859	16,561,723
Interest payable	5	(1,201,503)	(2,210,050)
		11,275,356	14,351,673
Other operating charges		(10,016,189)	(14,009,015)
Profit on ordinary activities before taxation	4	1,259,167	342,658
Taxation on profit on ordinary activities	6	(286,629)	(211,703)
Profit on ordinary activities after taxation		972,538	130,955
Dividends payable		-	(192,498)
Retained profit/(loss)	12	972,538	(61,543)

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/(loss) 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

30 September 2003

	Notes	2003 £	2002 £
Fixed assets			
Operating lease assets	7	26,469,288	42,574,391
Current assets			
Debtors: due within one year	8	1,545,143	1,950,414
due after more than one year	8	-	2,435
Cash at bank		30,644	-
		1,575,787	1,952,849
Creditors: amounts falling due within one year	9	(25,182,535)	(41,541,238)
Net current liabilities		(23,606,748)	(39,588,389)
Total assets less current liabilities		2,862,540	2,986,002
Provisions for liabilities and charges	10	(1,890,000)	(2,986,000)
Net assets		972,540	2
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	972,538	-
Equity shareholders' funds	13	972,540	2

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



D K Potts
Director

Notes to the financial statements

30 September 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 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 2003

2. Directors' interests

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

	At 30 September 2003	At 1 October 2002
Ordinary shares of 25p each		
E M G Ettershank	14,781	12,795
F D Hallatt	6,787	6,241
A M Keogh	3,271	2,664
P S Sherman	3,115	2,622

Options to subscribe for ordinary shares of 25p each

	At 1 October 2002	Granted during the year	Exercised during the year	Lapsed* during the year	At 30 September 2003
E M G Ettershank	77,405	21,001	488	3,367	94,551
F D Hallatt	3,465	3,327	-	3,465	3,327
A M Keogh	5,464	3,327	-	2,965	5,826
P S Sherman	3,193	8,065	-	3,193	8,065

*During the year these share options lapsed following the termination of savings contracts linked to the staff sharesave option scheme, in accordance with the rules of the scheme.

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).

4. Profit on ordinary activities before taxation

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

	2003 £	2002 £
Turnover		
Rentals receivable from operating lease agreements	12,463,838	16,451,119
Interest receivable from finance lease agreements	13,021	110,604
Charges		
Depreciation of operating lease assets	10,389,332	13,554,397
Profit on disposal of operating lease assets	(61,999)	(43,716)
Release of over-accruals booked in prior years	(394,000)	-

Auditors' remuneration has been borne by the parent company.

5. Interest payable

This represents interest payable to other group undertakings.

Notes to the financial statements

30 September 2003

6. Taxation

(a) Analysis of charge in the year

	2003 £	2002 £
The charge for taxation is made up as follows:		
Current tax		
Group relief payable on profits for the year	1,364,406	1,211,703
Prior year	18,223	-
Total current tax charge (note 6(b))	1,382,629	1,211,703
Deferred tax		
Origination and reversal of timing differences - current year	(1,096,000)	(1,072,900)
- prior year		72,900
Total deferred tax credit (note 10)	(1,096,000)	(1,000,000)
Total tax charge on profit on ordinary activities	286,629	211,703

(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	1,259,167	342,658
Profit multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	377,750	102,797
Effects of:		
Permanent differences	(109,200)	36,300
Temporary differences between taxable and accounting profit		
Accelerated capital allowances	1,095,856	1,072,606
Adjustment in respect of prior years	18,223	-
Current tax charge for year (note 6(a))	1,382,629	1,211,703

Notes to the financial statements

30 September 2003

7. Operating lease assets

£

Cost

At 1 October 2002	56,829,927
Additions	5,023,444
Disposals	(22,600,208)

At 30 September 2003	39,253,163
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Depreciation

At 1 October 2002	14,255,536
Charge for the year	10,389,332
Disposals	(11,860,993)

At 30 September 2003	12,783,875
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Net book value

At 30 September 2003	26,469,288
At 30 September 2002	42,574,391

8. Debtors

	2003 Due within one year £	2003 Due after more than one year £	2002 Due within one year £	2002 Due after more than one year £
Loans and advances to customers less provisions	-	-	93,705	2,435
Trade debtors	1,488,896	-	1,454,370	-
Other debtors	56,247	-	402,339	-
	1,545,143	-	1,950,414	2,435

Loans and advances to customers include finance leasing.

9. Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts due to group undertakings	16,646,743	35,470,659
Group relief payable	1,364,406	38,462
Other creditors	7,171,386	5,839,619
Dividends payable	-	192,498
	25,182,535	41,541,238

Notes to the financial statements

30 September 2003

10. Provisions for liabilities and charges

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

	2003 £
At 1 October 2002	2,986,000
Credit to profit and loss account	(1,096,000)
At 30 September 2003	1,890,000

The deferred tax liability at 30 September comprises:

	2003 £	2002 £
Accelerated capital allowances on fixed assets leased to customers	1,893,300	2,989,300
Other short term timing differences	(3,300)	(3,300)
	1,890,000	2,986,000

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	2	2

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.

12. Profit and loss account

	£
At 1 October 2002	-
Profit for the year	972,538
At 30 September 2003	972,538

Notes to the financial statements

30 September 2003

13. Reconciliation of movements in equity shareholders' funds

	2003 £	2002 £
Profit/(loss) for the financial year	972,538	(61,543)
Net increase/(decrease) in equity shareholders' funds	972,538	(61,543)
Opening equity shareholders' funds	2	61,545
Closing equity shareholders' funds	972,540	2

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 29 July 2004