

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

**Report and Financial Statements
For the year ended 31 December 2002**



LD4
COMPANIES HOUSE

LGM4NHGG

0437
02/07/04

REGISTERED NUMBER: 3025274

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

Review of business

The principal activity of the Company is, and will continue to be, to act as a leasing company. In the opinion of the directors the state of the Company's affairs is satisfactory.

Results and Dividends

During the year the Company made a profit after taxation of £4,410,763 (2001: £7,113,570) directors do not recommend the payment of a dividend (2001: £nil).

Change in Accounting Policy

The Company has changed its accounting policy on the recognition of upfront rental income. The 2001 comparative figures have been restated to take account of this change. The effect of this restatement has been to increase the brought forward reserves reported for 2001 by £13,395,655.

Further details of the change of accounting policy are given in the notes to the financial statements.

Directors

The directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

Barcosec Limited
Barometers Limited
JR Braund (resigned 11 June 2003)
P Emney
IAW Sandles
JDN Thomas (resigned 31 January 2003)
BJ Hurrell (appointed 27 January 2003, resigned 11 June 2003)
RC Phelps (appointed 11 June 2003)
SE Turnill (appointed 11 June 2003)

Subsequent to the year end, the following were appointed/resigned as directors of the company.

Barcosec Limited (resigned 16 April 2004)
Barometers Limited (resigned 16 April 2004)
E Kendall (appointed 12 February 2004)
IAW Sandles (resigned 29 March 2004)
SE Turnill (resigned 30 January 2004)
GM Wade (appointed 16 April 2004)

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2002

Directors' Interests in Shares

(as defined by section 325 the Companies Act 1985)

The directors have no interests in the shares of the Company. The directors of the Company at the year end, except Barcosec Limited and Barometers Limited, are also directors of Barclays Directors Limited and their interests in the shares of Barclays Bank PLC, the ultimate holding company, are disclosed in the accounts of that Company.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 3 to 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 11,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Following the conversion of the auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

On 21 December 1990 an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



G Wade
Director

28 June 2004

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS CAPITAL LEASING (No. 165) LIMITED

We have audited the financial statements on pages 5 to 11, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 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 financial statements. The other information comprises only the directors' report.

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS CAPITAL LEASING (No. 165) LIMITED (continued)

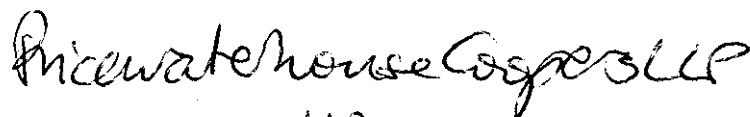
Basis of audit opinion

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 at 31 December 2002 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
London, United Kingdom

28 June 2004

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 Restated £
Turnover	1	4,277,848	3,882,836
Administration expenses		(2,500)	(2,500)
Operating profit		<u>4,275,348</u>	<u>3,880,336</u>
Interest receivable from group undertakings		918,058	1,002,609
Interest receivable		12,524	14,226
Profit on ordinary activities before taxation	3	<u>5,205,930</u>	<u>4,897,171</u>
Tax on profit on ordinary activities	5	(795,167)	2,216,399
Profit on ordinary activities after taxation		<u>4,410,763</u>	<u>7,113,570</u>
Retained profit brought forward		40,576,510	33,462,940
Retained profit carried forward		<u>44,987,273</u>	<u>40,576,510</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year		4,410,763	7,113,570
Total recognised gains relating to the year		<u>4,410,763</u>	<u>7,113,570</u>
Change in accounting policy	1	13,395,655	-
Total recognised gains		<u>17,806,418</u>	<u>7,113,570</u>

Operating profit is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes on pages 7 to 11 form an integral part of these financial statements.

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

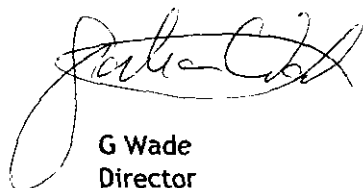
BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	2001 Restated £
CURRENT ASSETS			
Debtors falling due within one year			
Finance lease receivables	6	48,993	4,790
Other debtors	7	26,627,895	23,401,149
		<u>26,676,888</u>	<u>23,405,939</u>
Debtors falling due after one year			
Finance lease receivables	6	150,009,902	147,503,521
Creditors falling due within one year			
Other creditors	8	(828,926)	(2,017,733)
		<u>175,857,864</u>	<u>168,891,727</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors falling due after one year			
Other creditors	9	(40,670,491)	(38,115,117)
		<u>135,187,373</u>	<u>130,776,610</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	10	90,200,100	90,200,100
Profit and loss account		44,987,273	40,576,510
		<u>135,187,373</u>	<u>130,776,610</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			
	11	<u>135,187,373</u>	<u>130,776,610</u>

A statement of movement in shareholders' funds is given in note 11.

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

The financial statements on pages 5 to 11 were approved by the Board of Directors on 28 June 2004.



G Wade
Director

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

Finance Lease

The profit and loss account is credited with income, net of direct expenses, including commission from finance leases, using the actuarial method to give a constant periodic rate of return on the net cash investment.

Debtors under finance leases represent outstanding amounts due under these agreements less finance charges allocated to future periods.

Turnover

Turnover represents income from agreements entered into relating to leased assets. Income is calculated in accordance with the finance leases note above.

Change in Accounting Policy

The company has changed its accounting policy on the recognition of income on finance leases which does not form part of the gross earnings under the lease transaction. Previously the policy was to recognise such income over the lease term on a straight line basis. The company has changed this policy to recognise the non-finance income on receipt once the economic benefit to which it relates has been received by the company. The directors consider that this change of accounting policy results in a presentation, which more appropriately reflects the economic substance of the leasing transactions undertaken. The impact of this change is that the deferred income and associated deferred tax has been included in the brought forward reserves (see note 11).

Adoption of new accounting standards

A change in accounting policy has arisen from the adoption in 2002 of Financial Reporting Standard 19 'Deferred tax' ("FRS 19"). Previously, deferred tax was only provided on timing differences where it was considered probable that a liability to tax would crystallise. Deferred tax is now provided in full in respect of timing differences that have originated but not reversed at balance sheet date.

The change has resulted in a prior year adjustment, and the balance sheet for the prior year has been restated. This has resulted in a credit to deferred tax of £42,350,130 with a resultant re-statement of the finance lease debtors to recognise an indemnity incorporated in the lease in the eventuality that the capital allowances reverse. The deferred tax credit is in respect of the potential reversal of capital allowances granted on leasehold property which could occur if the leasehold is disposed of prior to 30 Sep 2022. There has been no impact on the net assets and profit and loss of the company.

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CASH FLOW STATEMENT

The Company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of Barclays Bank PLC, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Profit on ordinary activities before taxation is stated after crediting: -		
aggregate rentals receivable in respect of finance leases	7,660,906	7,660,906
after charging: -		
auditors' remuneration in respect of audit services	2,500	2,500
	<hr/>	<hr/>

There were no employees employed by the Company during 2002 or 2001.

4. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2001 £nil).

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 Restated £
United Kingdom:		
Corporation tax charged for the year	795,167	2,018,614
Deferred tax credit	-	(4,235,013)
Total charge / (credit)	<u>795,167</u>	<u>(2,216,399)</u>

The corporation tax charge is based on a standard UK corporation tax rate of 30% (2001: 30%). The effective tax rate is lower than the standard tax rate as a result of non-deductible items. These differences are explained below:

	2002 £	2001 Restated £
Profit on ordinary activities before tax	5,205,930	4,897,171
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	1,561,779	1,469,151
Effects of:		
Adjustments to finance lease principal	(766,612)	549,463
	<u>795,167</u>	<u>2,018,614</u>

6. FINANCE LEASE RECEIVABLES

	2002 £	2001 Restated £
Net investment in finance lease comprises:		
Total amounts receivable	351,913,414	352,564,736
Less: Interest allocated to future periods	(201,854,519)	(205,056,425)
	<u>150,058,895</u>	<u>147,508,311</u>

BARCLAYS CAPITAL LEASING (No. 165) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****6. FINANCE LEASE RECEIVABLES (continued)**

	2002	2001 Restated
	£	£
Under one year	48,993	4,790
Over one year		
In the second to fifth years inclusive	(4,897)	39,616
Over five years	150,014,799	147,463,905
	<u>150,058,895</u>	<u>147,508,311</u>

7. OTHER DEBTORS

	2002	2001
	£	£
Due within one year		
Due from group	26,627,895	23,401,149
	<u>26,627,895</u>	<u>23,401,149</u>

8. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Amounts due to group undertakings	1,443	1,443
Auditors' remuneration	5,000	2,500
Corporation tax creditor	822,483	2,013,790
	<u>828,926</u>	<u>2,017,733</u>

9. CREDITORS: Amounts falling due after more than one year

	2002	2001 Restated
	£	£
Amount falling due after more than one year		
Deferred tax payable	38,115,117	38,115,117
Other creditors	2,555,374	-
	<u>40,670,491</u>	<u>38,115,117</u>

Deferred tax comprises of accelerated capital allowances.

BARCLAYS CAPITAL LEASING (No. 165) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised: 100,000,000 ordinary shares of £1 each	100,000,000	100,000,000
Allotted and fully paid: 90,200,100 ordinary shares of £1 each	90,200,100	90,200,100

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2002 £	Restated 31 December 2001 £
Opening shareholders' funds	130,776,610	110,267,385
Change in accounting policy		
Release of deferred income on advanced rentals	-	19,130,266
Release of deferred tax on advanced rentals	-	(5,734,611)
Opening shareholders' funds restated	130,776,610	123,663,040
Profit for financial period	4,410,763	7,113,570
Closing shareholders' funds	135,187,373	130,776,610

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available. During the period there have been no transactions with related parties other than group companies.

13. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Secretary, 54 Lombard Street, London EC3P 3AH.