

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

30 June 2004



Member of Lloyds TSB Group

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED
25 Gresham Street London EC2V 7HN

DIRECTORS

A J Cumming (Alternate: M A Grant)
A R Foad
M W Joseph
P B Miles
A B Vowles (Alternate: A M Basing)

SECRETARY

S Slattery

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

REGISTERED NUMBER

4839361

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

REPORT OF THE DIRECTORS

SHARE CAPITAL

On 21 July 2003 the company was incorporated with an authorised share capital of 100 ordinary shares of £1 each. 100 ordinary shares of £1 each were issued at par on 21 July 2003.

PRINCIPAL ACTIVITY

The company was incorporated on 21 July 2003. Its principal activity is the leasing of plant and equipment

During the period the company incurred expenditure of £1,017,000 on plant and equipment. At the end of the period the cost of leased assets owned amounted to £1,017,000.

RESULTS

The profit for the financial period ended 30 June 2004 amounted to £1,000 as set out in the profit and loss account on page 5.

DIRECTORS

The names of the directors of the company are shown on page 1. The following changes in directors have taken place during the period and since the period end:

	Appointed	Resigned
A M Basing*	7 July 2004	
A J Cumming	22 December 2003	
A R Foad	21 July 2003	
M J Green	21 July 2003	3 December 2003
M A Grant**	22 December 2003	
M W Joseph	9 June 2004	
R S King	25 July 2003	31 October 2003
P B Miles	25 July 2003	
F M P Riding	25 July 2003	29 December 2003
G T Tate	29 December 2003	5 May 2004
A B Vowles***	25 July 2003	31 October 2003
A B Vowles	29 December 2003	

* alternate to A B Vowles

** alternate to A J Cumming

*** alternate 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 DTI Publications Orderline 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 at 30 June 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



S Slattery
Secretary

8 September 2004

AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

We have audited the financial statements which comprise 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. As described below, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom law and 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 are responsible for keeping proper 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 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.

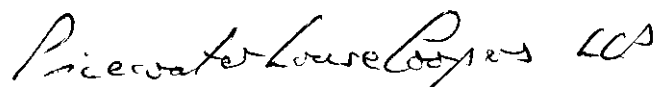
Basis of audit opinion

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 2004 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

8 September 2004

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 and Statement of Recommended Practice for the leasing industry. 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. Interest expense has been shown above administrative expenses since this reflects more meaningfully the nature of interest expense within the context of a leasing business. Operating expenses include administrative 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 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.

(c) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a period-end appraisal of rentals receivable less income allocated to future periods.

(d) Deferred taxation

Full provision is made for deferred tax liabilities arising from timing differences between recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, or where they can be offset against deferred tax liabilities.

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

PROFIT AND LOSS ACCOUNT
for the period ended 30 June 2004

	Note	2004 £000
TURNOVER	1	19
AMORTISATION OF LEASED ASSETS	5	12
		<hr/>
		7
INTEREST EXPENSE	2	5
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2
TAXATION	4	1
		<hr/>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	8	1
		<hr/>

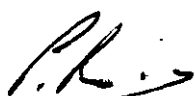
There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the period as stated above and their historical cost equivalents.

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

BALANCE SHEET
at 30 June 2004

	Note	2004 £000	2004 £000
ASSETS			
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		117	
after more than one year		863	
	5		980
Amounts owed by group companies	6	4	
Other debtors		606	
			610
			1,590
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	7		-
Profit and loss account	8		1
	9		1
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10		5
CREDITORS – Amounts falling due within one year			
Amounts owed to group companies	11		1,584
			1,590



P B Miles
Director

8 September 2004

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

LLOYDS TSB CORPORATE ASSET FINANCE (NO. 2) LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the period.

2 INTEREST EXPENSE

2004
£000

Interest expense comprises:

Interest payable to group companies on bank loans and overdrafts

5

3 ADMINISTRATIVE EXPENSE

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

4 TAXATION

2004
£000

(a) The charge for the period comprises:

Tax group relief receivable on current taxation loss for the period (Note 3(b))

(4)

Deferred taxation - current period (Note 9)

5

1

(b) Factors affecting the group relief receivable for the period

The group relief receivable for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before tax

2

Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%

1

Capital allowances for period in excess of depreciation

(5)

Total group relief receivable for the period (Note 3(a))

(4)

NOTES TO THE ACCOUNTS

5 FINANCE LEASE RECEIVABLES

	2004 £000
Future rentals	1,227
Less:	
Rentals received in advance	(25)
Income allocated to future periods	(222)
	<hr/> 980 <hr/>

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

Accumulated amortisation	12
	<hr/>

6 AMOUNTS OWED BY GROUP COMPANIES

	2004 £000
Amounts falling due within one year:	
Group relief receivable	4
	<hr/>

7 CALLED UP SHARE CAPITAL

	2004 £
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100
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On 21 July 2003 the company was incorporated with an authorised share capital of 100 ordinary shares of £1 each. 100 ordinary shares of £1 each were issued at par on 21 July 2003.

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, 25 Gresham Street, London EC2V 7HN.

8 PROFIT AND LOSS ACCOUNT

	£000
At 21 July 2003	-
Retained profit for the period	1
	<hr/>
At 30 June 2004	1
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NOTES TO THE ACCOUNTS

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

2004
£000

Profit for the period after taxation	1
Proposed dividend	-
	<hr/>
Net increase in shareholder's funds	1
Shareholder's funds at beginning of period	-
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Shareholder's funds at end of period	1
	<hr/>

10 DEFERRED TAXATION

£000

At 21 July 2003	-
Charge for the period	5
	<hr/>
At 30 June 2004	5
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The balances at 21 July 2003 and 30 June 2004 represent full provision in respect of the potential liability of the company to taxation on the excess of capital allowances over related amortisation of leased assets and on short-term timing differences.

11 AMOUNTS OWED TO GROUP COMPANIES

2004
£000

Amounts falling due within one year:	
Bank overdraft	606
Bank borrowings	973
Interest payable	5
	<hr/>
	1,584
	<hr/>

12 DATE OF APPROVAL

The directors approved the accounts on 8 September 2004.