

LLOYDS LEASING DEVELOPMENTS LIMITED

31 December 2001



Member of Lloyds TSB Group

LLOYDS LEASING DEVELOPMENTS LIMITED  
203 Blackfriars Road London SE1 8NH

DIRECTORS

DIRECTORS

D P Pritchard - Chairman  
M J Green  
R S King (alternate: A B Vowles)  
P B Miles (alternate: A R Foad)  
F M P Riding  
R R Seggins

SECRETARY

S O'Connor

AUDITORS

PricewaterhouseCoopers

REGISTERED OFFICE

71 Lombard Street  
London EC3P 3BS

REGISTERED NUMBER

1856355

# LLOYDS LEASING DEVELOPMENTS LIMITED

## REPORT OF THE DIRECTORS

### PRINCIPAL ACTIVITY

The principal activity of the company is property investment.

At the end of the year the cost of leased assets owned amounted to £112,827,000.

### RESULTS

The profit for the financial year ended 31 December 2001 amounted to £1,506,000 as set out in the profit and loss account on page 5.

An interim dividend of £1,500,000 will be paid in March 2002.

### DIRECTORS

The following changes in directors have taken place during the year:

<u>Director's name</u>	<u>Appointed</u>	<u>Resigned</u>
A J Cumming *		5 March 2001
F M P Riding	5 March 2001	
A B Vowles*	5 March 2001	

\* alternate director 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 Department of Trade and Industry, No. 1 Victoria Street, London, SW1H 0ET.

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 31 December 2001, 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 O'Connor  
Secretary

4 March 2002

# INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS LEASING DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 9.

## 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 accounting standards. United Kingdom 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 and of the profit or loss of the company for that period. 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.

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.

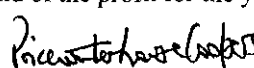
## Basis of audit opinion

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 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

4 March 2002

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. 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 property investment 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. Net interest expense has been shown above administration expenses since this reflects more meaningfully the nature of interest expense within the context of a property investment business. Operating expenses include administration 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

Income and expenses are included in the profit before taxation on the basis of the amounts actually payable or receivable, without any adjustment to reflect a notional amount of tax that would have been paid or relieved in respect of the transaction if it had been taxable, or allowable for tax purposes on a different basis. In order to preserve the recognition of profit after tax in accordance with the actuarial after tax method, tax equalisation adjustments are made on those transactions which include permanent tax differences resulting from income and expenses subject to non standard rates of tax.

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 taxation charge and 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 year-end appraisal of rentals receivable less income allocated to future periods.

(d) Deferred taxation

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

(e) Interest rate swaps

The company in the course of its business enters into interest rate swap contracts, to reduce its exposure to fluctuations in interest rates on borrowings where the associated finance lease income is at a fixed rate. The receipts and payments on these swaps are included in the profit and loss account so as to match the interest payable on the borrowing.

LLOYDS LEASING DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Note	2001 £000	2000 £000
TURNOVER	1	10,230	10,479
AMORTISATION OF LEASED ASSETS		2,391	2,646
		<hr/> 12,621	<hr/> 13,125
NET INTEREST EXPENSE	2	10,776	11,251
		<hr/> 1,845	<hr/> 1,874
OPERATING EXPENSES			
Administrative expenses	3	3	3
Management fee payable to parent company		134	54
		<hr/> 137	<hr/> 57
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> 1,708	<hr/> 1,817
TAXATION CHARGE	4	202	207
		<hr/> 1,506	<hr/> 1,610
PROFIT FOR THE FINANCIAL YEAR		1,500	1,600
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	8	6	10
		<hr/>	<hr/>

There are no further gains or losses attributable to the shareholder other than those disclosed above.

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

LLOYDS LEASING DEVELOPMENTS LIMITED

BALANCE SHEET  
at 31 December 2001

	Note	2001 £000	2000 £000
CURRENT ASSETS			
DEBTORS			
Finance lease receivables			
within one year		67,231	-
after more than one year		92,632	157,605
		<hr/>	<hr/>
	5	159,863	157,605
Amounts owed by group companies	6	-	2,771
		<hr/>	<hr/>
		159,863	160,376
		<hr/>	<hr/>
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	7	100	100
Profit and loss account	8	19	13
		<hr/>	<hr/>
	9	119	113
PROVISIONS FOR LIABILITIES AND CHARGES	10	17,808	18,286
CREDITORS			
Amounts owed to group companies	11	141,918	141,960
Other creditors		18	17
		<hr/>	<hr/>
		141,936	141,977
		<hr/>	<hr/>
		159,863	160,376
		<hr/>	<hr/>

  
Director

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

# LLOYDS LEASING DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

### 1 TURNOVER

Turnover represents gross rentals receivable in the year.

### 2 NET INTEREST EXPENSE

2001	2000
£000	£000

Net interest expense comprises:

Interest payable to group companies on bank loans and overdrafts	10,776	11,252
Less: interest receivable from others	-	(1)
	<u>10,776</u>	<u>11,251</u>

### 3 ADMINISTRATIVE EXPENSES

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

### 4 TAXATION CHARGE

2001	2000
£000	£000

Group relief payable (receivable) - current year	697	534
- prior year	(17)	(40)
Deferred taxation	(356)	(263)
Tax equalisation	(122)	(24)
	<u>202</u>	<u>207</u>

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 30% (2000: 30%).

### 5 FINANCE LEASE RECEIVABLES

2001	2000
£000	£000

Future rentals	251,986	265,776
Add (less):		
Rentals received in arrears	355	488
Income allocated to future periods	(92,478)	(108,659)
	<u>159,863</u>	<u>157,605</u>

Finance lease receivables represents the cost of leased assets plus rentals received in arrears after crediting for the following:

Accumulated amortisation	<u>46,681</u>	<u>44,290</u>
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# LLOYDS LEASING DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

### 6 AMOUNTS OWED BY GROUP COMPANIES

	2001 £000	2000 £000
Amounts due from fellow subsidiary undertakings	-	2,500
Group relief receivable	-	271
	<hr/>	<hr/>
	-	2,771
	<hr/>	<hr/>

### 7 CALLED UP SHARE CAPITAL

	2001 £000	2000 £000
Authorised, allotted and issued fully paid ordinary shares of £1 each	100	100
	<hr/>	<hr/>

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 companies may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

### 8 PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2001	13
Retained profit for the year	6
	<hr/>
At 31 December 2001	19
	<hr/>

### 9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2001 £000	2000 £000
Profit for the year after taxation	1,506	1,610
Proposed dividend	1,500	1,600
	<hr/>	<hr/>
Net increase in shareholder's funds	6	10
Shareholder's funds at beginning of year	113	103
	<hr/>	<hr/>
Shareholder's funds at end of year	119	113
	<hr/>	<hr/>

LLOYDS LEASING DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000	Tax equalisation £000	Balance sheet amounts £000
At 1 January 2001	12,655	5,631	18,286
Credit for the year	(356)	(122)	(478)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	12,299	5,509	17,808
	<hr/>	<hr/>	<hr/>

The deferred taxation balances at 1 January and 31 December 2001 represent full provision in respect of the potential liability of the company for taxation on the excess of capital allowances over related amortisation of leased assets and other short-term timing differences.

11 AMOUNTS OWED TO GROUP COMPANIES

	2001 £000	2000 £000
Amounts falling due within one year:		
Bank overdraft	3,087	6,345
Bank borrowings	134,421	130,157
Sum due to fellow subsidiary undertakings	905	1,472
Interest payable	195	320
Group relief payable	1,810	2,066
Interim dividend	1,500	1,600
	<hr/>	<hr/>
	141,918	141,960
	<hr/>	<hr/>

12 COMMITMENTS TO GROUP COMPANY

The underlying principal amount of interest swap contracts and the replacement cost obtained by marking to market are:

	2001 £000	2000 £000
Underlying principal amount	55,186	54,922
Replacement cost	27,893	28,218

13 DATE OF APPROVAL

The directors approved the accounts on 4 March 2002.