

18-04-02

LLOYDS LEASING DEVELOPMENTS LIMITED

31 December 2002



Member of Lloyds TSB Group

LLOYDS LEASING DEVELOPMENTS LIMITED  
25 Gresham Street London EC2V 7HN

DIRECTORS

DIRECTORS

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 LLP

REGISTERED OFFICE

25 Gresham Street  
London EC2V 7HN

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 £112,826,000.

### RESULTS

The profit for the financial year ended 31 December 2002 amounted to £1,700,000 as set out in the profit and loss account on page 5.

An interim dividend of £1,600,000 will be paid in June 2003.

### DIRECTORS

The names of the directors of the company are shown on page 1.

Mr DP Pritchard resigned as a director of the company on 9 May 2003.

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 2002, 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



P B Miles  
Director

16 June 2003

## 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. 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.

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.

### 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 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Registered Auditors

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

16 June 2003

## 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. The company has adopted Financial Reporting Standard 19 – Deferred Tax for the first time, but this had no effect on the tax charge or deferred tax in the balance sheet.

### (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) 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 amounts receivable and payable on these swaps are included in the profit and loss account so as to match the interest payable on the borrowing.

### (d) 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.

### (e) Deferred taxation

Deferred taxation is provided in full at appropriate rates in respect of all timing differences that have originated but not reversed by the balance sheet date.

LLOYDS LEASING DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2002

	Note	2002 £000	2001 £000
TURNOVER	1	10,471	10,230
AMORTISATION OF LEASED ASSETS		1,647	2,391
		<hr/>	<hr/>
		12,118	12,621
NET INTEREST EXPENSE	2	9,931	10,776
		<hr/>	<hr/>
		2,187	1,845
OPERATING EXPENSES			
Administrative expenses	3	-	3
Management fee payable to parent company		177	134
		<hr/>	<hr/>
		177	137
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/>	<hr/>
		2,010	1,708
TAXATION	4	310	202
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		1,700	1,506
PROPOSED DIVIDEND		1,600	1,500
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	7	100	6
		<hr/>	<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 year as stated above and their historical cost equivalents.

# LLOYDS LEASING DEVELOPMENTS LIMITED

## BALANCE SHEET at 31 December 2002

	Note	2002 £000	2001 £000
<b>CURRENT ASSETS</b>			
<b>DEBTORS</b>			
Finance lease receivables			
within one year		-	67,231
after more than one year		161,030	92,632
		<hr/>	<hr/>
	5	161,030	159,863
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Called up share capital	6	100	100
Profit and loss account	7	119	19
		<hr/>	<hr/>
	8	219	119
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	9	16,408	17,808
<b>CREDITORS</b>			
Amounts owed to group companies	10	144,386	141,918
Other creditors		17	18
		<hr/>	<hr/>
		144,403	141,936
		<hr/>	<hr/>
		161,030	159,863
		<hr/>	<hr/>

  
P B Miles  
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

2002	2001
£000	£000

Net interest expense comprises:

Interest payable to group companies on bank loans and overdrafts	9,931	10,776
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### 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

2002	2001
£000	£000

(a) The charge for the year comprises:

Group relief payable on current taxation profit for the year	860	697
Adjustment in respect of prior years	850	(17)
	<hr/>	<hr/>
Total group relief payable for year (Note 4 (b))	1,710	680
Deferred taxation - current year (Note 9)	1,193	(185)
- adjustment in respect of prior years (Note 9)	(726)	(171)
Tax equalisation (Note 9)	(1,867)	(122)
	<hr/>	<hr/>
	310	202
	<hr/>	<hr/>

(b) Factors affecting the group relief payable for the year

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

Profit on ordinary activities before taxation	2,010	1,708
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001:30%)	603	512
Depreciation for year in excess of capital allowances	257	185
Adjustment in respect of prior years	850	(17)
	<hr/>	<hr/>
Total group relief payable for year (Note 4 (a))	1,710	680
	<hr/>	<hr/>



# LLOYDS LEASING DEVELOPMENTS LIMITED

## NOTES TO THE ACCOUNTS

### 5 FINANCE LEASE RECEIVABLES

	2002 £000	2001 £000
Future rentals	279,237	251,986
Add (less):		
Rentals received in (advance) arrears	(124)	355
Income allocated to future periods	(118,083)	(92,478)
	<hr/>	<hr/>
	161,030	159,863
	<hr/>	<hr/>

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

Accumulated amortisation	48,328	46,681
	<hr/>	<hr/>

### 6 CALLED UP SHARE CAPITAL

	2002 £000	2001 £000
Authorised, allotted and issued fully paid ordinary shares of £1 each	100	100
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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, 25 Gresham Street, London EC2V 7HN.

### 7 PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2002	19
Retained profit for the year	100
	<hr/>
At 31 December 2002	119
	<hr/>

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

	2002 £000	2001 £000
Profit for the year after taxation	1,700	1,506
Proposed dividend	1,600	1,500
	<hr/>	<hr/>
Net increase in shareholder's funds	100	6
Shareholder's funds at beginning of year	119	113
	<hr/>	<hr/>
Shareholder's funds at end of year	219	119
	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

## 9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000	Tax equalisation £000	Balance sheet amounts £000
At 1 January 2002	12,299	5,509	17,808
Credit for the year	467	(1,867)	(1,400)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	12,766	3,642	16,408
	<hr/>	<hr/>	<hr/>

The deferred taxation balances at 1 January and 31 December 2002 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.

## 10 AMOUNTS OWED TO GROUP COMPANIES

	2002 £000	2001 £000
Amounts falling due within one year:		
Bank overdraft	3,630	3,087
Bank borrowings	135,937	134,421
Sum due to fellow subsidiary undertakings	242	905
Interest payable	142	195
Group relief payable	2,835	1,810
Interim dividend	1,600	1,500
	<hr/>	<hr/>
	144,386	141,918
	<hr/>	<hr/>

## 11 COMMITMENTS TO GROUP COMPANY

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

	2002 £000	2001 £000
Underlying principal amount	55,275	55,186
Replacement cost	30,445	27,893

## 12 DATE OF APPROVAL

The directors approved the accounts on 16 June 2003.