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LLOYDS PROPERTY INVESTMENT COMPANY NO. 5 LIMITED

31 December 2003

Member of Lloyds TSB Group

LLOYDS PROPERTY INVESTMENT COMPANY NO. 5 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

SECRETARY

S Slattery

AUDITORS

PricewaterhouseCoopers LLP

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

REGISTERED NUMBER

4839433

LLOYDS PROPERTY INVESTMENT COMPANY NO. 5 LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The company was incorporated on 21 July 2003. The principal activity of the company is property investment.

During the period the company incurred expenditure on leased assets totalling £6,760,000.

At the end of the period the cost of leased assets owned amounted to £6,760,000.

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.

RESULTS

The profit for the financial period ended 31 December 2003 amounted to £156,000 as set out in the profit and loss account on page 5.

An interim dividend of £100,000 will be paid in June 2004.

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 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 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 period 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 31 December 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

S Slattery
Secretary

9 June 2004

LLOYDS PROPERTY INVESTMENT COMPANY NO. 5 LIMITED

We have audited the financial statements which comprise profit and loss account, the balance sheet and the related notes on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

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 period which give a true and fair view of the state of affairs of the company as at the end of the period 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.

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 31 December 2003 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

9 June 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 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. 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

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 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 PROPERTY INVESTMENT COMPANY NO. 5 LIMITED

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 2003

	Note	Period from incorporation until 31 December 2003 £000
TURNOVER	1	203
AMORTISATION OF LEASED ASSETS		6
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		197
TAXATION CHARGE	3	41
PROFIT FOR THE FINANCAL PERIOD		156
PROPOSED DIVIDEND		100
RETAINED PROFIT FOR THE FINANCIAL PERIOD	7	56

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.

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

BALANCE SHEET
at 31 December 2003

	Note	2003 £000
CURRENT ASSETS		
DEBTORS		
Finance lease receivables after more than one year	4	6,788
Amounts owed by group companies	5	7
Other debtors		746
		7,541
LIABILITIES		
SHAREHOLDER'S FUNDS		
Called up share capital	6	-
Profit and loss account	7	56
	8	56
PROVISIONS FOR LIABILITIES AND CHARGES	9	48
CREDITORS		
Amounts owed to group companies	10	7,437
		7,541

P B Miles
Director

9 June 2004

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

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the period.

2 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.

3 TAXATION CREDIT

	Six months ended 31 December 2003 £000
(a) The charge for the period comprises:	
Total group relief receivable on current taxation loss for the period (Note 3 (b))	(7)
Deferred taxation (Note 9)	66
Tax equalisation (Note 9)	(18)
	41

(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 taxation	197
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	59
Capital allowances for the year in excess of depreciation	(66)
Total group relief receivable for period (Note 3 (a))	(7)

4 FINANCE LEASE RECEIVABLES

	2003 £000
Future rentals	32,453
Add (less):	
Rentals received in arrears	34
Income allocated to future periods	(5,978)
Commitments for expenditure in respect of assets to be leased (note 11)	(19,721)
	6,788

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

Accumulated amortisation	6

5 AMOUNTS OWED BY GROUP COMPANIES

	2003 £000
Amounts falling due within one year:	
Group relief receivable	7

6 CALLED UP SHARE CAPITAL

	2003 £
Authorised, allotted and issued fully paid ordinary shares of £1 each	100

100 ordinary shares of £1 each were issued at par for cash during the year to finance the activities of the company.

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 21 July 2003	-
Retained profit for the period	56
At 31 December 2003	56

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2003 £000
Profit for the period after taxation	156
Proposed dividend	100
Net increase in shareholder's funds	56
Shareholder's funds at beginning of period	-
Shareholder's funds at end of period	56

9 PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £000	Tax equalisation £000	Balance sheet amount £000
At 21 July 2003	-	-	-
Charge (credit) for the period	66	(18)	48
At 31 December 2003	66	(18)	48

The balance at 31 December 2003 represent a full provision in respects of the potential liability of the company to 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

	2003 £000
Amounts falling due within one period:	
Bank overdraft	632
Bank borrowings	6,705
Interim dividend	100
	7,437

Interest on loans from group companies is charged at market interest rates.

11 CAPITAL AND OTHER COMMITMENTS

Future expenditure on the acquisition of assets as a limited partner authorised by the directors but not provided for in these accounts comprises:

	2003 £000
Expenditure contracted for	19,721

12 DATE OF APPROVAL

The directors approved the accounts on 9 June 2004.