

UDT Limited

Report and Accounts 28 February 2005

Registered office

25 Gresham Street
London
EC2V 7HN

Company number

646591

Directors

J L Davies
M P Kilbee
D K Potts

Company Secretary

David Jarvis



Report of the Directors

Principal activity

The principal activity of the Company is leasing.

Results and dividends

The profit after taxation for the year ended 28 February 2005 amounted to £501,228 (£460,139) as set out in the profit and loss account on page 5.

No dividend (2004: £460,139) is proposed.

Directors

The names of the directors of the Company, all of whom held office throughout the year, are shown on page 1.

Directors' interests

The interests of the directors in the capital of Lloyds TSB Group plc were:

	At 28 February 2005	At 1 March 2004
Ordinary shares of 25p each		
J L Davies	142,744	141,965
M P Kilbee	34,273	33,040
D K Potts	52,803	51,643

Options to subscribe for ordinary shares of 25p each

	At 1 March 2004	Granted during the year	Exercised during the year	At 28 February 2005
J L Davies	645,573	268,336	-	913,909
M P Kilbee	39,589	19,081	-	58,670
D K Potts	44,910	21,228	-	66,138

None of the directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report including, as described below, the financial statements. The United Kingdom Companies Act 1985 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 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

Report of the Directors

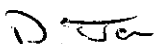
Policy and practice on payment of creditors

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 Order Line 0845 0150010 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 as at 28 February 2005, 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



David Jarvis
Company Secretary

8 May

2006

Report of the independent auditors to the members of UDT Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, and the Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members 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 into 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 United Kingdom 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 affairs of the Company as at 28 February 2005 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

One Kingsway
Cardiff
CF10 3PW

10th May 2006

Profit and loss account

28 February 2005

	Notes	2005 £	2004 £
Turnover	3	2,791,895	3,020,141
Interest payable	4	(1,629,775)	(1,686,015)
		1,162,120	1,334,126
Other operating charges		(445,971)	(677,348)
Profit on ordinary activities before taxation	3	716,149	656,778
Taxation on profit on ordinary activities	5	(214,921)	(196,639)
Profit on ordinary activities after taxation		501,228	460,139
Dividends payable		-	(460,139)
Retained profit for the financial year	11	501,228	-

The above results relate to continuing operations.

The Company has no recognised gains or losses other than the profits and losses 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 tax or the retained profit for the year stated above and their historical cost equivalents.


The notes on pages 7 to 12 form part of these financial statements.

Balance sheet

28 February 2005

	Notes	2005 £	2004 £
Fixed assets			
Operating lease assets	6	2,210,205	2,480,962
Current assets			
Debtors: due within one year	7	15,211,262	28,754,251
due after more than one year	7	13,113,813	28,047,725
		28,325,075	56,801,976
Creditors: amounts falling due within one year	8	(28,767,862)	(57,334,048)
Net current liabilities		(442,787)	(532,072)
Total assets less current liabilities		1,767,418	1,948,890
Provisions for liabilities and charges	9	(1,226,800)	(1,909,500)
Net assets		540,618	39,390
Capital and reserves			
Called up share capital	10	200	200
Profit and loss account	11	540,418	39,190
Equity shareholders' funds	12	540,618	39,390

The notes on pages 7 to 12 form part of these financial statements.



D K Potts
Director

Notes to the financial statements

28 February 2005

1. Principal accounting policies

Accounting policies are unchanged from 2004.

Accounting convention

The financial statements have been prepared under the *historical cost convention* and in accordance with applicable Accounting Standards.

Cash flow statement

As permitted by Financial Reporting Standard 1 (revised) "Cash Flow Statements", no cash flow statement is presented in these accounts, as the Company is a wholly owned subsidiary of Lloyds TSB Group plc which presents such a statement in its own accounts.

Income recognition

Income from finance leases is credited to the profit and loss account in proportion to the funds invested so as to give a constant rate of return over each period. Income from operating leases is credited to the profit and loss account on a rentals receivable basis.

Commissions

Commission payable on new business is allocated to accounting periods over the life of agreements to produce a constant rate of charge on the outstanding balance. *Commissions receivable* are credited to the profit and loss account when earned.

Leasing Assets

Assets leased to customers are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee; all other leases are classified as operating leases.

Provisions for bad and doubtful debts

Loans and advances are written-off where there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their estimated realisable values.

Depreciation

Assets leased under operating leases to customers are depreciated over the life of the lease after taking into account anticipated residual values. Anticipated realisable values are reassessed when appropriate, any permanent diminution in value being charged immediately to the profit and loss account.

Deferred taxation

Full provision is made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations. The Company has chosen not to discount deferred tax assets and liabilities.

Related party transactions

Advantage has been taken of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose details of transactions with companies within the Lloyds TSB group as the consolidated accounts of Lloyds TSB Group plc in which the Company is included are publicly available.

Notes to the financial statements

28 February 2005

2. Directors and staff

The Company did not directly employ any persons during the year (2004: none), accounting and administrative services being provided by a fellow subsidiary undertaking.

No remuneration was paid or is payable by the Company to the directors (2004: £nil). The directors are employed by other companies in the Lloyds TSB group and consider that their services to the Company are incidental to their other activities within the group.

3. Profit on ordinary activities before taxation

	2005 £	2004 £
The profit before taxation is arrived at after taking into account the following items:		
Turnover		
Interest receivable from finance lease	2,246,447	2,459,439
Rentals receivable from operating lease	545,448	560,702
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Charges		
Depreciation of operating lease assets	456,567	372,630
Management fee	-	280,000
Bad debt release	(12,799)	-
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Auditors' remuneration has been borne by the parent company.

4. Interest payable

This represents interest payable to the Company's immediate parent company.

Notes to the financial statements

28 February 2005

5. Taxation

(a) Analysis of charge in the year

2005
£

2004
£

The charge for taxation is made up as follows:

Current tax

Current tax on profits for the year	896,801	553,380
Adjustments in respect of previous years	820	1,759

Total current tax (note 5(b))	897,621	555,139
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Deferred tax

Origination and reversal of timing differences	(681,879)	(356,739)
Adjustments in respect of previous years	(821)	(1,761)

Total deferred tax (note 9)	(682,700)	(358,500)
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Total tax charge on profit on ordinary activities	214,921	196,639
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(b) Factors affecting the tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

2005
£

2004
£

Profit before tax	716,149	656,778
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Profit multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	214,845	197,033
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Effects of:

Temporary differences between taxable and accounting profit:

Accelerated capital allowances	691,926	348,898
Other timing differences	(9,970)	7,449
Prior year charge	820	1,759

Current tax charge for year (note 5(a))	897,621	555,139
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Notes to the financial statements

28 February 2005

6. Operating lease assets

	£
Cost	
At 1 March 2004	3,493,910
Additions	-
Disposals	(123,606)
Reclassification	232,245
At 28 February 2005	3,602,549
Depreciation	
At 1 March 2004	1,012,948
Charge for year	456,567
Disposals	(95,806)
Reclassification	18,635
At 28 February 2004	1,392,344
Net book value	
At 28 February 2005	2,210,205
At 28 February 2004	2,480,962

Operating lease assets includes assets transferred with a net book value of £213,610. This transfer corrects a misclassification relating to assets previously classified as loans and advances to customers included within debtors. This error was discovered as part of a system migration exercise carried out during 2004.

During the year, the company changed its estimation technique for depreciation of its operating lease assets to a straight line basis from an actuarial method.

Management believes the revised technique to be more appropriate since it corresponds with that adopted by the Lloyds TSB Group for similar assets employed within its own operations. The impact of the change on its adoption was to increase accumulated depreciation by £66,353 (before tax), with an associated debit to the deferred taxation balance of £19,906 reflected in the results for the financial period ended 28 February 2005.

7. Debtors

	2005 Due within one year £	2005 Due after more than one year £	2004 Due within one year £	2004 Due after more than one year £
Loans and advances to customers less provisions	15,209,878	13,113,813	26,106,686	28,047,725
Other debtors	1,384	-	2,647,565	-
	15,211,262	13,113,813	28,754,251	28,047,725

Loans and advances to customers include finance leases.

During the year, the company changed its estimation technique, relating to the recognition of interest income on its finance lease and hire purchase contracts, from a post-tax actuarial method to a pre-tax actuarial method. The impact of the change was reflected in the results for the financial period ended 28 February 2005.

Management believes the revised technique to be more appropriate since it corresponds with that adopted for similar assets elsewhere in the Lloyds TSB Group and with that recommended by the Statement of Recommended Practice ("SORP") on Leasing. The impact of the change on its adoption was to reduce the carrying value of finance lease and hire purchase debtors by £234,460 (gross of tax), and to recognise an associated debit to the deferred taxation balance of £70,338, reflected in the results for the financial period ended 28 February 2005.

Notes to the financial statements

28 February 2004

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank overdraft	3,020	3,020
Amounts due to group undertakings	26,198,867	56,313,215
Corporation tax	896,801	553,380
Other creditors	1,669,174	4,294
Dividend payable	-	460,139
	28,767,862	57,334,048

9. Provisions for liabilities and charges

The movement on the deferred tax liability is as follows:

	2005 £	2004 £
At start of year	1,909,500	2,268,000
Profit and loss account	(682,700)	(358,500)
At end of year	1,226,800	1,909,500

The deferred tax provision at 28 February comprises:

	2005 £	2004 £
Accelerated capital allowances on fixed assets leased to customers	1,226,800	1,919,470
Other short term timing differences	-	(9,970)
	1,226,800	1,909,500

10. Called up share capital

	2005 £	2004 £
Authorised, issued, called up and fully paid: Ordinary shares of £1 each	200	200

The immediate parent company is United Dominions Trust Limited. The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Lloyds TSB Asset Finance Division Limited is the parent undertaking of the smallest such group of undertakings. 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.

11. Profit and loss account

	£
At the 1 March 2004	39,190
Retained profit for the financial year	501,228
At 28 February 2005	540,418

Notes to the financial statements

28 February 2004

12. Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
Retained profit for the financial year	501,228	-
Net increase in equity shareholders' funds	501,228	-
Opening equity shareholders' funds	39,390	39,390
Closing equity shareholders' funds	540,618	39,390

13. Other liabilities

There were no contracted capital commitments or contingencies at the balance sheet date (2004: £nil).

14. Date of approval

The directors approved the accounts on

8 May

2006