

# UDT Limited

## Report and Accounts 28 February 2004

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

Member of Lloyds TSB Group



# 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 2004 amounted to £460,139 (2003: £362,921) as set out in the profit and loss account on page 5.

A dividend of £460,139 is proposed (2003: £362,921).

## Directors

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

Reference is made on page 8 in note 2 to the interests of the directors in the share capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

## 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 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 as at 28 February 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



M P Kilbee  
Director

16 December 2004

# 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 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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, and the Auditing Standards issued by the Auditing Practices Board. This 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

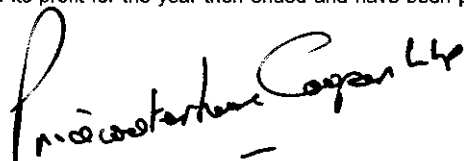
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

## Report of the independent auditors to the members of UDT Limited (continued)

### 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 2004 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

16 DECEMBER 2004

## Profit and loss account

28 February 2004

	Notes	2004 £	2003 £
Turnover	4	3,020,141	3,971,830
Interest payable	5	(1,686,015)	(2,468,188)
		1,334,126	1,503,642
Other operating charges		(677,348)	(982,410)
Profit on ordinary activities before taxation	4	656,778	521,232
Taxation on profit on ordinary activities	6	(196,639)	(158,311)
Profit on ordinary activities after taxation		460,139	362,921
Dividends payable		(460,139)	(362,921)
Retained profit for the financial year	12	-	-

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 11 form part of these financial statements.

## Balance sheet

28 February 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Operating lease assets	7	2,480,962	2,853,592
<b>Current assets</b>			
Debtors: due within one year	8	28,754,251	20,259,098
due after more than one year	8	28,047,725	28,929,443
		56,801,976	49,188,541
Creditors: amounts falling due within one year	9	(57,334,048)	(49,734,743)
Net current liabilities		(532,072)	(546,202)
Total assets less current liabilities		1,948,890	2,307,390
Provisions for liabilities and charges	10	(1,909,500)	(2,268,000)
<b>Net assets</b>		39,390	39,390
<b>Capital and reserves</b>			
Called up share capital	11	200	200
Profit and loss account	12	39,190	39,190
<b>Equity shareholders' funds</b>	13	39,390	39,390

The notes on pages 7 to 11 form part of these financial statements.



D K Potts  
Director

# Notes to the financial statements

28 February 2004

## 1. Principal accounting policies

Accounting policies are unchanged from 2003.

### 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 transactions

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 lease term down to their anticipated realisable value at the termination of each agreement to give a constant rate of return on the net investment. 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 2004

### 2. Directors' interests

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

	At 28 February 2004	At 1 March 2003
Ordinary shares of 25p each		
J L Davies	141,965	141,215
M P Kilbee	33,040	31,977
D K Potts	50,948	49,904

Options to subscribe for ordinary shares of 25p each

	At 1 March 2003	Granted during the year	Exercised during the year	Lapsed in the year*	At 28 February 2004
J L Davies	643,035	5,783	-	3,245	645,573
M P Kilbee	39,589	-	-	-	39,589
D K Potts	42,372	5,783	-	3,245	44,910

\* During the year these share options lapsed following termination of savings contracts linked to the staff sharesave option scheme in accordance with the rules of the scheme.

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

### 3. Directors and staff

The Company did not directly employ any persons during the year (2003: 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 (2003: £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.

### 4. Profit on ordinary activities before taxation

	2004 £	2003 £
The profit before taxation is arrived at after taking into account the following items:		
<b>Turnover</b>		
Interest receivable from finance lease	2,459,439	3,435,814
Rentals receivable from operating lease	560,702	536,016
<b>Charges</b>		
Depreciation of operating lease assets	372,630	322,992

Auditors' remuneration has been borne by the parent company.

### 5. Interest payable

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



## Notes to the financial statements

28 February 2004

### 6. Taxation

#### (a) Analysis of charge in the year

	2004 £	2003 £
The charge for taxation is made up as follows:		
Current tax		
Current tax on profits for the year	553,380	508,506
Adjustments in respect of previous years	1,759	1,121
<b>Total current tax (note 6(b))</b>	<b>555,139</b>	<b>509,627</b>
Deferred tax		
Origination and reversal of timing differences	(356,739)	(351,776)
Adjustments in respect of previous years	(1,761)	460
<b>Total deferred tax (note 10)</b>	<b>(358,500)</b>	<b>(351,316)</b>
<b>Total tax charge on profit on ordinary activities</b>	<b>196,639</b>	<b>158,311</b>

#### (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:

	2004 £	2003 £
Profit before tax	656,778	521,232
Profit multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	197,033	156,370
Effects of:		
Temporary differences between taxable and accounting profit:		
Accelerated capital allowances	348,898	365,756
Other timing differences	7,449	(13,820)
Prior year charge	1,759	1,121
<b>Current tax charge for year (note 6(a))</b>	<b>555,139</b>	<b>509,627</b>

# Notes to the financial statements

28 February 2004

## 7. Operating lease assets

	£
<b>Cost</b>	
At 1 March 2003 and 28 February 2004	3,493,910
<b>Depreciation</b>	
At 1 March 2003	640,318
Charge for year	372,630
<b>At 28 February 2004</b>	<b>1,012,948</b>
<b>Net book value</b>	
At 28 February 2004	2,480,962
At 28 February 2003	2,853,592

## 8. Debtors

	2004 Due within one year £	2004 Due after more than one year £	2003 Due within one year £	2003 Due after more than one year £
Loans and advances to customers less provisions	26,106,686	28,047,725	19,292,342	28,929,443
Other debtors	2,647,565	-	966,756	-
	<b>28,754,251</b>	<b>28,047,725</b>	<b>20,259,098</b>	<b>28,929,443</b>

Loans and advances to customers include finance leases.

## 9. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	3,020	-
Amounts due to group undertakings	56,313,215	48,858,751
Corporation tax	553,380	508,506
Other creditors	4,294	4,565
Dividend payable	460,139	362,921
	<b>57,334,048</b>	<b>49,734,743</b>

# Notes to the financial statements

28 February 2004

## 10. Provisions for liabilities and charges

The movement on the deferred tax liability is as follows:

	2004 £	2003 £
At start of year	2,268,000	2,619,316
Profit and loss account	(358,500)	(351,316)
At end of year	1,909,500	2,268,000

The deferred tax provision at 28 February comprises:

	2004 £	2003 £
Accelerated capital allowances on fixed assets leased to customers	1,919,470	2,270,521
Other short term timing differences	(9,970)	(2,521)
	1,909,500	2,268,000

## 11. Called up share capital

	2004 £	2003 £
Authorised, issued, called up and fully paid:		
Ordinary shares of £1 each	200	200

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.

## 12. Profit and loss account

	£
At the start and end of the year	39,190

## 13. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Opening and closing equity shareholders' funds	39,390	39,390

## 14. Other liabilities

There were no contracted capital commitments or contingencies at the balance sheet date (2003: £nil).

## 15. Date of approval

The directors approved the accounts on 16 December 2004