

LLOYDS UDT LEASING LIMITED

**REPORT AND ACCOUNTS
30 SEPTEMBER 2001**

Registered office

71 Lombard Street
London EC3P 3BS

Registered number

665240

Directors

J L Davies (Chairman)
D K Potts
M P Kilbee

Company Secretary

M P Kilbee



Member of Lloyds TSB Group

LLOYDS UDT LEASING LIMITED

Principal activity

The principal activity of the company is leasing.

During the year, the company acquired and disposed of assets and liabilities as part of a rationalisation of the Lloyds TSB Asset Finance Division group as described in note 12 on page 9.

Result and dividend

The profit after taxation for the year ended 30 September 2001 amounted to £497,326 as set out in the profit and loss account on page 4.

Directors

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

The interests of those who were directors of the company at the end of the year in the capital of Lloyds TSB Group plc were:

Shares:

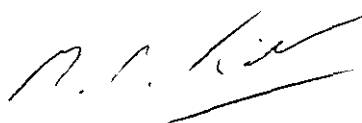
	At 30 September 2001	At 1 October 2000
J.L. Davies	141,215	141,215
M. P. Kilbee	31,288	30,698
D.K. Potts	52,304	52,304

Options to acquire shares:

	At 1 October 2000	During the year		At 30 September 2001
		Granted	Exercised	
J.L. Davies	185,228	76,539	-	261,767
M. P. Kilbee	23,061	4,427	-	27,488
D.K. Potts	14,164	7,633	-	21,797

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

On behalf of the board



M P Kilbee
Company Secretary
26 July 2002

LLOYDS UDT LEASING LIMITED

Statement of directors' responsibilities in respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 independent auditors To the member of Lloyds UDT Leasing Limited

We have audited the accounts 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 accounts in accordance with the applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities above.

Our responsibility is to audit the accounts 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 accounts 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 accounts, 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 the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS

Chartered Accountants
and Registered Auditors

Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH
26 July 2002

LLOYDS UDT LEASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
TURNOVER	2	3,302,359	544,960
OTHER OPERATING CHARGES		(965,848)	(442,557)
INTEREST PAYABLE	3	(1,625,411)	(3,400)
INTEREST RECEIVABLE		-	160,808
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	711,100	259,811
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(213,774)	(79,187)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		497,326	180,624
DEFICIT BROUGHT FORWARD		(4,758,375)	(4,938,999)
DEFICIT CARRIED FORWARD		<u>(4,261,049)</u>	<u>(4,758,375)</u>

There are no recognised gains and losses other than the profit for the year and all operations are continuing. No reconciliation of movement in shareholder's funds has been prepared as the only movement was the profit for the year.

The notes on pages 6 to 9 form part of these accounts.

LLOYDS UDT LEASING LIMITED

BALANCE SHEET

AT 30TH SEPTEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Operating lease assets	6	10,103,205	-
CURRENT ASSETS:			
Debtors: Due within one year	7	23,075,658	8,870,161
Due after more than one year	7	42,603,356	560,366
		<hr/> 65,679,014	<hr/> 9,430,527
Prepayments and accrued income		-	1,496,427
		<hr/> 65,679,014	<hr/> 10,926,954
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(60,052,137)	(6,838,229)
NET CURRENT ASSETS		<hr/> 5,626,877	<hr/> 4,088,725
TOTAL ASSETS LESS CURRENT LIABILITIES		15,730,082	4,088,725
PROVISIONS FOR LIABILITIES AND CHARGES	9	(6,852,000)	(2,347,000)
ACCRUALS AND DEFERRED INCOME	10	(6,639,031)	-
NET ASSETS		<hr/> <u>2,239,051</u>	<hr/> <u>1,741,725</u>
CAPITAL AND RESERVES			
CALLED-UP SHARE CAPITAL	11	6,500,100	6,500,100
PROFIT AND LOSS ACCOUNT		<hr/> (4,261,049)	<hr/> (4,758,375)
SHAREHOLDER'S FUNDS		<hr/> <u>2,239,051</u>	<hr/> <u>1,741,725</u>



D K POTTS
Director

The notes on pages 6 to 9 form part of these accounts.

LLOYDS UDT LEASING LIMITED
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting policies are unchanged from the year ending 30 September 2000, except that the company has implemented the requirements of Financial Reporting Standard 18 "Accounting Policies" which has had no significant impact.

(a) Accounting Convention:

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with Financial Reporting Standard 1 is included in the accounts of its ultimate holding company, Lloyds TSB Group plc.

The company is exempt from reporting intra-group related party transactions in accordance with Financial Reporting Standard 8 because it is wholly owned by Lloyds TSB Asset Finance Division Limited (formerly Lloyds UDT Finance Limited) which prepares consolidated accounts.

(b) 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.

(c) 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.

(d) 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.

(e) Operating lease assets:

Operating lease assets are included at cost less 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.

(f) Leasing and instalment credit 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.

(g) Deferred Taxation:

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

(h) Taxation:

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the recipient undertakings. A charge is made for the surrender of losses between group undertakings.

LLOYDS UDT LEASING LIMITED
NOTES TO THE ACCOUNTS

2. **TURNOVER**

Turnover represents the amount of leasing income earned under finance and operating leases.

During the year aggregate rentals receivable were:	<u>2001</u> £	<u>2000</u> £
From finance lease contracts	15,170,736	4,748,265
From operating lease contracts	1,859,517	-

The cost of assets acquired during the year under finance lease contracts was £27,668,494 (2000, £nil)

3. **INTEREST PAYABLE**

	<u>2001</u> £	<u>2000</u> £
On amounts due to parent company	1,622,680	-
Other	2,731	3,400
	<u>1,625,411</u>	<u>3,400</u>

INTEREST RECEIVABLE

On amounts due from parent company	<u>-</u>	<u>160,808</u>
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4. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2001</u> £	<u>2000</u> £
The following have been taken into account in arriving at the profit:		
Directors' emoluments	<u>-</u>	<u>-</u>
Depreciation of operating lease assets	<u>1,022,606</u>	<u>-</u>
Gain on sale of operating lease assets	<u>3,170</u>	<u>-</u>
Bad and doubtful debts – (credit)/charge	<u>(125,066)</u>	<u>343,967</u>

No remuneration was paid or is payable by the company to the directors. The directors are employed by other companies in the Lloyds TSB Asset Finance Division group and consider that their services to this company are incidental to their other activities within the group. Auditors' remuneration has been borne by the parent company.

5. **TAXATION**

	<u>2001</u> £	<u>2000</u> £
Current year:		
Corporation tax at 30%	1,541,844	1,131,897
Transfer from deferred taxation	(1,328,340)	(1,053,000)
	<u>213,504</u>	<u>78,897</u>
Adjustments for previous years:		
Corporation tax	(70)	290
Deferred taxation	340	-
	<u>213,774</u>	<u>79,187</u>

LLOYDS UDT LEASING LIMITED
NOTES TO THE ACCOUNTS

6.	OPERATING LEASE ASSETS	£
	Cost:	
	Additions	11,202,671
	Disposals	(114,313)
		<hr/>
	As at 30 September 2001	11,088,358
		<hr/>
	Depreciation:	
	Charge	1,022,606
	Disposals	(37,453)
		<hr/>
	As at 30 September 2001	985,153
		<hr/>
	Net Book Value:	
	As at 30 September 2001	10,103,205
		<hr/> <hr/>
	Net Book Value	
	As at 30 September 2000	-
		<hr/> <hr/>

7.	DEBTORS	<u>2001</u>	<u>2000</u>		
		Due within <u>one year</u> £	Due after more than <u>one year</u> £	Due within <u>one year</u> £	Due after more than <u>one year</u> £
	Trade debtors	20,632,597	42,603,356	1,055,485	560,366
	Other debtors	2,443,061	-	427,140	-
	Amounts owed by other group companies	-	-	7,387,536	-
		<hr/>	<hr/>	<hr/>	<hr/>
		23,075,658	42,603,356	8,870,161	560,366
		<hr/>	<hr/>	<hr/>	<hr/>

8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2001</u> £	<u>2000</u> £
	Amounts owed to other group companies	49,180,360	-
	Bank overdraft	3,498,968	5,559,713
	Other creditors	2,406,006	146,619
	Corporation tax payable	4,966,803	1,131,897
		<hr/>	<hr/>
		60,052,137	6,838,229
		<hr/> <hr/>	<hr/> <hr/>

LLOYDS UDT LEASING LIMITED

NOTES TO THE ACCOUNTS

9. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred Taxation:	
Balance at 30th September 2000	2,347,000
Transfer to Profit and Loss Account	(1,328,000)
Transfer from other group companies (note 12)	5,833,000
	<hr/>
Balance at 30th September 2001	<u>6,852,000</u>

The amounts provided at 30th September 2001 and 2000 were the full potential liabilities and were attributable to accelerated capital allowances.

10. ACCRUALS AND DEFERRED INCOME	<u>2001</u>	<u>2000</u>
	£	£
Unearned leasing income	<u>6,639,031</u>	<u>-</u>
	<hr/>	<hr/>
11. SHARE CAPITAL	<u>2001</u>	<u>2000</u>
	£	£
Authorised, called-up and fully paid:		
6,500,100 ordinary shares of £1 each	<u>6,500,100</u>	<u>6,500,100</u>
	<hr/>	<hr/>

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 (formerly Lloyds UDT Finance 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, 71 Lombard Street, London, EC3P 3BS.

12. GROUP RATIONALISATION

During the year the company's parent effected a rationalisation of its subsidiaries. As part of the rationalisation certain assets and liabilities were transferred between fellow subsidiary companies. All transfers were done at book value for equivalent consideration and hence gave rise to no gain or loss. The company acquired assets of £66.1m and liabilities of £65.1m and disposed of assets of £2.3m and liabilities of £1.1m.

13. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 26 July 2002.