

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

30 September 2002



Member of Lloyds TSB Group

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED
203 Blackfriars Road London SE1 8NH

DIRECTORS

D P Pritchard - Chairman
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

REGISTERED OFFICE

71 Lombard Street
London EC3P 3BS

REGISTERED NUMBER

4053677

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is investing in limited partnerships.

During the year the company incurred expenditure of £92,925,000 on investments in limited partnerships.

RESULTS

The profit after taxation for the year ended 30 September 2002 amounted to £4,686,000 as set out in the profit and loss account on page 5.

An interim dividend of £300,000 will be paid in December 2002.

DIRECTORS

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

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 30 September 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

2 December 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

We have audited the financial statements 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 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 have responsibility for ensuring the company keeps 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, by the Auditing Practices Board and our profession's ethical guidance.

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 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 United Kingdom Companies Act. 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.

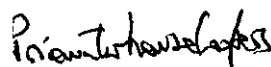
Basis of audit opinion

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



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

2 December 2002

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. 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 leasing 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. Provision against investment, is the charge or credit to the profit and loss account necessary to comply with the company's policy on income recognition for investments in limited partnerships. Interest expense has been shown above administration expenses since this reflects more meaningfully the nature of interest expense within the context of a leasing 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) Basis of preparation

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts.

(c) Investments

Income from investments is recognised when received.

Investments are stated in the balance sheet at the lower of cost and estimated net realisable value.

(d) 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 TSB MARITIME LEASING (NO. 1) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2002

	Note	2002 £000	2001 £000
INCOME FROM INVESTMENTS		3,425	1,847
RELEASE OF PROVISION (PROVISION AGAINST) INVESTMENTS	4	6,761	(6,761)
		<hr/> 10,186	<hr/> (4,914)
NET INTEREST EXPENSE	1	3,476	1,119
		<hr/> 6,710	<hr/> (6,033)
OPERATING EXPENSES			
Administrative expenses	2	(72)	72
Management fee payable to parent company		88	67
		<hr/> 16	<hr/> 139
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6,694	(6,172)
TAXATION CHARGE (CREDIT)	3	2,008	(1,852)
		<hr/> 4,686	<hr/> (4,320)
PROFIT (LOSS) FOR THE FINANCIAL YEAR		4,686	(4,320)
PROPOSED DIVIDEND		300	-
		<hr/> 4,386	<hr/> (4,320)
RETAINED PROFIT (LOSS) FOR THE FINANCIAL YEAR	7	4,386	(4,320)

There are no further gains or losses attributable to the shareholder other than those disclosed above.

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

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

BALANCE SHEET
at 30 September 2002

	Note	2002 £000	2001 £000
ASSETS			
FIXED ASSETS			
Investments	4	125,999	26,001
CURRENT ASSETS			
DEBTORS			
Amounts owed by group companies	5	5,961	2,305
Other debtors		-	3
		<hr/>	<hr/>
		131,960	28,309
		<hr/>	<hr/>
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	6	-	-
Profit and loss account	7	66	(4,320)
		<hr/>	<hr/>
	8	66	(4,320)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	9	11,686	1,070
CREDITORS			
Amounts owed to group companies	10	119,667	31,496
Other creditors		541	63
		<hr/>	<hr/>
		120,208	31,559
		<hr/>	<hr/>
		131,960	28,309
		<hr/>	<hr/>


P B Miles
Director

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

NOTES TO THE ACCOUNTS

1 NET INTEREST EXPENSE

	2002 £000	2001 £000
Net interest expense comprises:		
Interest payable to other group companies on bank loans and overdrafts	3,477	1,119
Less: interest receivable from others	(1)	-
	<u>3,476</u>	<u>1,119</u>

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 CHARGE (CREDIT)

	2002 £000	2001 £000
(a) The charge (credit) for the year comprises:		
Group relief receivable on current taxation profit (loss) for the year	(8,649)	(2,922)
Adjustment in respect of prior years	41	-
	<u>(8,608)</u>	<u>(2,922)</u>
Total group relief receivable for year (Note 4(b))	(8,608)	(2,922)
Deferred taxation - current year (Note 10)	10,657	1,070
- adjustment in respect of prior years (Note 10)	(41)	-
	<u>2,008</u>	<u>(1,852)</u>

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

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

Profit (loss) on ordinary activities before tax	6,694	(6,172)
	<u>6,694</u>	<u>(6,172)</u>
Profit (loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001:30%)	2,008	(1,852)
Capital allowances for year in excess of depreciation	(10,657)	(1,070)
Adjustment in respect of prior years	41	-
	<u>(8,608)</u>	<u>(2,922)</u>
Total group relief receivable for year (Note 4(a))	(8,608)	(2,922)

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

NOTES TO THE ACCOUNTS

4 INVESTMENTS

This represents the company's investment, at cost, of a 99.996% interest as a limited partner in The Cosbright Shipping Limited Partnership, The Cosforce Shipping Limited Partnership and The Coswin Shipping Limited Partnership, UK limited partnerships, each of which carries on business as an owner and charterer of a ship. The results of the Limited Partnerships are consolidated in the Financial Statements of Lloyds TSB Group plc.

	£000
At 1 October 2001	26,001
Additions during the year	92,925
Provision released for the year	6,761
Adjustments in respect of expenses	312
	<hr/>
At 30 September 2002	125,999
	<hr/>

5 AMOUNTS OWED BY GROUP COMPANIES

	2002 £000	2001 £000
Amounts falling due within one year:		
Bank deposits	527	37
Group relief receivable	5,434	2,268
	<hr/>	<hr/>
	5,961	2,305
	<hr/>	<hr/>

6 CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted and issued fully paid: ordinary shares of £1 each	100	100
	<hr/>	<hr/>

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 may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

7 PROFIT AND LOSS ACCOUNT

	£000
At 1 October 2001	(4,320)
Retained profit for the year	4,386
	<hr/>
At 30 September 2002	66
	<hr/>

LLOYDS TSB MARITIME LEASING (NO. 1) LIMITED

NOTES TO THE ACCOUNTS

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £000	2001 £000
Profit (loss) for the year after taxation	4,686	(4,320)
Proposed dividend	300	-
	<hr/>	<hr/>
Net increase (decrease) in shareholder's funds	4,386	(4,320)
Shareholders' funds at beginning of year	(4,320)	-
	<hr/>	<hr/>
Shareholders' funds at end of year	66	(4,320)
	<hr/>	<hr/>

9 DEFERRED TAXATION

	£000
At 1 October 2001	1,070
Charge for the year	10,616
	<hr/>
At 30 September 2002	11,686
	<hr/>

The balances at 1 October 2001 and 30 September 2002 represents full provision in respect 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

	2002 £000	2001 £000
Amounts falling due within one year:		
Bank borrowings	118,287	31,138
Interest payable	1,070	358
Group relief payable	10	-
Interim dividend	300	-
	<hr/>	<hr/>
	119,667	31,496
	<hr/>	<hr/>

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:

	2002 £000	2001 £000
Expenditure contracted for	-	91,810
	<hr/>	<hr/>

12 DATE OF APPROVAL

The directors approved the accounts on 2 December 2002.