

1004792

LLOYDS TSB LEASING LIMITED

31 December 2000



Member of Lloyds TSB Group

LLOYDS TSB LEASING 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

1004792

LLOYDS TSB LEASING LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the provision of leasing facilities.

During the year, the company invested a further £68,366,000 in Motability Car Lease and Motability Hire Purchase.

At the end of the year the cost of leased assets amounted to £504,790,000.

RESULTS AND DIVIDEND

The profit for the financial year ended 31 December 2000 amounted to £47,562,000, as set out in the profit and loss account on page 6.

An interim dividend of £17,000,000 was paid in September 2000. A further interim dividend of £22,000,000 will be paid in September 2001.

DIRECTORS

The following changes in directors have taken place during the year and since the balance sheet date:

<u>Director's name</u>	<u>Appointed</u>	<u>Resigned</u>
M E Fairey		12 January 2000
D H A Harrison		6 March 2000
R S King	6 March 2000	
R R Seggins	6 March 2000	
A J Cumming *	5 June 2000	5 March 2001
A B Vowles*	5 March 2001	
F M P Riding	5 March 2001	

* alternate director to R S King

DIRECTORS' INTERESTS

The interests of those who were directors of the company at the end of the year but who were not also directors of Lloyds TSB Group plc in the capital of Lloyds TSB Group plc were:

Shares:

	At 31 December 2000	At 1 January 2000 (or later date of appointment)
A J Cumming	7,434	11,244
A R Foad	28,515	26,148
M J Green	98,647	97,011
P B Miles	69,602	67,479
R R Seggins	56,253	54,849

Options to acquire shares:

	At 1 January 2000 (or later date of appointment)	During the year (or since appointment during the year)		At 31 December 2000
		Granted	Exercised/Lapsed	
A J Cumming	30,306	-	-	30,306
A R Foad	24,326	5,083	838	28,571
M J Green	31,951	34,378	-	66,329
P B Miles	45,747	6,680	29,358	22,518
			551*	
R R Seggins	37,057	13,815	1,504*	49,368

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 these directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

LLOYDS TSB LEASING LIMITED

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 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 31 December 2000, 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 O'Connor
Secretary

10 September 2001

AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB LEASING LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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, the Auditing Practices Board and by our profession's ethical guidance.

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.

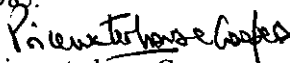
Basis of audit opinion

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 31 December 2000 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

10 September 2001

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention as modified by the revaluation of shares in subsidiary companies, 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.

(a) Basis of preparation

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

(b) 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. 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. 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, and such other expenses as may be incurred as overheads during the normal conduct of the company's business.

(c) Investments in subsidiary undertakings

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

(d) Income recognition - finance leases

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. Rentals arising during the secondary period are recognised on the due date.

(e) Joint ventures

Income from joint ventures is credited to the profit and loss account when received.

The investment in joint ventures is stated in the balance sheet at the lower of cost and net realisable value.

(f) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on a year-end appraisal of rentals receivable less income allocated to future periods.

(g) Foreign currency translation

Assets and liabilities in foreign currencies are matched and are translated into Sterling at original contractual rates.

(h) Deferred taxation

Deferred taxation is provided at the appropriate rates of taxation where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

LLOYDS TSB LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Note	2000 £000	1999 £000
TURNOVER	1	13,448	11,164
AMORTISATION OF LEASED ASSETS		3,642	5,853
		17,090	17,017
INCOME FROM JOINT VENTURES		27,710	21,009
INTEREST INCOME	2	9,078	7,981
OTHER OPERATING INCOME	3	7,119	430
		60,997	46,437
INTEREST EXPENSE	5	42,877	36,809
		18,120	9,628
Management fees receivable from subsidiary undertakings		2,832	3,105
		20,952	12,733
OPERATING EXPENSES			
Administrative expenses		5,628	5,777
Auditors' remuneration		260	218
		5,888	5,995
		15,064	6,738
DIVIDENDS RECEIVABLE FROM SUBSIDIARY COMPANIES		35,189	27,968
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,253	34,706
TAXATION	6	2,691	1,803
		47,562	32,903
PROFIT FOR THE FINANCIAL YEAR		47,562	32,903
DIVIDENDS		39,000	32,700
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	8,562	203

The notes on pages 8 to 13 form part of these accounts.

LLOYDS TSB LEASING LIMITED

BALANCE SHEET
at 31 December 2000

	Note	2000 £000	1999 £000
ASSETS			
FIXED ASSETS			
Investments	8	540,231	471,964
CURRENT ASSETS			
DEBTORS			
Finance lease receivables after more than one year	9	305,577	302,714
Amounts owed by group companies	10	186,519	143,228
Other debtors		131	355
		<u>1,032,458</u>	<u>918,261</u>
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	11	2,000	2,000
Reserves	12	17,398	8,836
	13	19,398	10,836
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	108,150	95,472
CREDITORS			
Amounts owed to group companies	15	902,701	805,670
Loans	16	-	4,326
Other creditors		2,209	1,957
		<u>904,910</u>	<u>811,953</u>
		<u>1,032,458</u>	<u>918,261</u>



Director

The notes on pages 8 to 13 form part of these accounts.

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

1 TURNOVER

Turnover represents gross rentals receivable in the year.

2 INTEREST INCOME

	2000 £000	1999 £000
Interest income comprises:		
from group companies	9,078	7,980
from others	-	1
	9,078	7,981

3 OTHER OPERATING INCOME

Other operating income comprises fee income for the arrangement of leases and profits arising on the sale of two subsidiary companies of £6,114,000.

4 DIRECTORS' EMOLUMENTS

The aggregate of the emoluments of the directors was £343,938 (1999: £326,000).

Retirement benefits are accruing to 2 directors (1999: 2) under defined benefit pension schemes.

The number of directors who exercised share options was 2 (1999: 4).

The aggregate of the emoluments of the highest paid director was £197,473 (1999: £188,083).

At the year end his accrued pension totalled £47,242 per annum, (1999: £44,057) being his pension entitlement based on pensionable service with the group to 31 December 2000 but payable at normal retirement age.

5 INTEREST EXPENSE

	2000 £000	1999 £000
Interest expense comprises:		
Interest payable to - group companies on bank loans and overdrafts	42,688	36,047
- others	189	762
	42,877	36,809

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

6 TAXATION

	2000 £000	1999 £000
Group relief (receivable) payable – current year	(10,172)	(11,839)
– prior year	185	(80)
Deferred taxation	12,678	13,722
	2,691	1,803

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 30% (1999: 30.25%).

7 LEASING PARTNERSHIPS

The company has an interest in the following leasing partnerships:

<u>Lease partnership</u>	<u>% holding</u>	<u>Principal place of business</u>
Albion Leasing Company	22.25	203 Blackfriars Road, London, SE1 8NH
Omnium Leasing Company	24.46	23 Great Winchester Street, London, EC2P 2AX

The accounts of Albion Leasing Company and Omnium Leasing Company are audited by firms other than PricewaterhouseCoopers.

Under the terms of the Partnership Act 1890, there is unlimited liability in connection with the company's participation in the above partnerships.

8 INVESTMENTS

	Note	2000 £000	1999 £000
Investments in subsidiary undertakings	8(a)	63,754	63,853
Investments in joint ventures	8(b)	476,477	408,111
		540,231	471,964

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

8 INVESTMENTS

(a) Investments in subsidiary undertakings

	£000
At 1 January 2000	63,853
Disposals during the year	(99)
At 31 December 2000	63,754

The principal subsidiary undertakings on 31 December 2000, all of which are wholly owned by the company and registered in England and Wales, are:

	Accounting reference date
Birchcrown Finance Limited	20 November
Conquest Securities Limited	20 February
CTSB Leasing Limited	20 November
Greatshield Securities Limited	30 September
Hill Samuel Finance Limited	31 December
Hill Samuel Leasing (No. 2) Limited	30 June
Hill Samuel Leasing (No. 4) Limited	31 December
LBI Leasing Limited	31 March
Lloyds Asset Leasing Limited	31 March
Lloyds Associated Air Leasing Limited	31 March
Lloyds Bank Property Company Limited	30 September
Lloyds Business Leasing Limited	30 June
Lloyds Capital Leasing Limited	30 September
Lloyds Commercial Leasing Limited	30 September
Lloyds Corporate Leasing Limited	31 March
Lloyds Equipment Leasing Limited	31 March
Lloyds Financial Leasing Limited	30 June
Lloyds General Leasing Limited	31 December
Lloyds Industrial Leasing Limited	30 June
Lloyds International Leasing Limited	30 September
Lloyds Investment Bonds Limited	31 December
Lloyds Investment Bonds No. 2 Limited	31 December
Lloyds Investment Securities Limited	31 March
Lloyds Leasing (North Sea Transport) Limited	31 December
Lloyds Leasing Developments Limited	31 December
Lloyds Machinery Leasing Limited	31 December
Lloyds (Nimrod) Leasing Industries Limited	31 December
Lloyds (Nimrod) Machinery Finance Limited	30 September
Lloyds (Nimrod) Specialist Finance Limited	31 March
Lloyds Plant Leasing Limited	31 March
Lloyds Portfolio Leasing Limited	30 September
Lloyds Project Leasing Limited	31 March
Lloyds Property Investment Company Limited	30 June
Lloyds Property Investment Company No. 3 Limited	31 December
Lloyds TSB Maritime Leasing Limited	31 December
Lunar Finance Limited	31 March
Moon Leasing Limited	16 March
Nelstar Leasing Co Limited	31 December
Savban Leasing Limited	31 December
Whitestar Securities Limited	31 December
Wood Street Leasing Limited	30 September

For commercial reasons certain subsidiary companies have accounting reference dates differing from 31 December.

The company owns 192 ordinary shares of £1 each (19.2% of the issued share capital) of Motability Finance Limited, a company registered in England and Wales. The results and net assets of the company are not material to Lloyds TSB Leasing Limited.

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

8 INVESTMENTS (continued)

(b) Investments in joint ventures

	£000
At 1 January 2000	408,111
Additions during the year	68,366
At 31 December 2000	476,477

The above investment represents the company's interest in the following joint ventures:

<u>Lease partnership</u>	<u>% holding</u>	<u>Principal place of business</u>
Motability Car Lease	19.20	22 Southwark Bridge Road, London, SE1 9HB
Motability Car Lease "B" *	17.00	22 Southwark Bridge Road, London, SE1 9HB
Motability Car Lease "C" **	17.00	22 Southwark Bridge Road, London, SE1 9HB
Motability Car Lease "D"	17.00	22 Southwark Bridge Road, London, SE1 9HB
Motability Hire Purchase ***	19.20	22 Southwark Bridge Road, London, SE1 9HB

* Accounts made up to 31 March

** Accounts made up to 30 June

*** Accounts made up to 30 September

9 FINANCE LEASE RECEIVABLES

	2000 £000	1999 £000
Future rentals (net of provisions)	601,184	605,081
Less:		
Rentals received in advance	(17,597)	(16,854)
Income allocated to future periods	(278,010)	(285,513)
	305,577	302,714

Finance lease receivables represents the cost of leased assets less rentals received in advance after providing for the following:

Accumulated amortisation	167,541	196,122
General bad debt provision	14,075	14,075

10 AMOUNTS OWED BY GROUP COMPANIES

	2000 £000	1999 £000
Amounts due within one year:		
Bank deposits	49,000	46,069
Sums due from fellow subsidiary undertakings	99,079	67,326
Interest receivable	2,374	2,444
Group relief receivable	23,756	9,994
Dividends receivable	12,310	17,395
	186,519	143,228

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

11 CALLED UP SHARE CAPITAL

2000	1999
£000	£000

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

2,000	2,000
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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.

12 RESERVES

£000

At 1 January 2000
Retained profit for the year

8,836
8,562

At 31 December 2000

17,398

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

2000	1999
£000	£000

Profit for the year after taxation
Dividends

47,562	32,903
39,000	32,700

Net increase in shareholder's funds
Shareholder's funds at beginning of year

8,562	203
10,836	10,633

Shareholder's funds at end of year

19,398	10,836
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14 DEFERRED TAXATION

£000

At 1 January 2000
Charge for the year

95,472
12,678

At 31 December 2000

108,150

The balances at 1 January and 31 December 2000 represent 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.

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

15 AMOUNTS OWED TO GROUP COMPANIES

2000	1999
£000	£000

Amounts falling due within one year:

Bank overdraft	153,583	74,959
Bank borrowings	665,574	682,092
Amounts due to fellow subsidiary undertakings	24,636	13,966
Interest payable	12,550	10,066
Group relief payable	17,471	-
Interim dividend	22,000	17,700

895,814	798,783
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Amounts falling due between one and five years:

Bank borrowings	6,887	6,887
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902,701	805,670
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16 LOANS

2000	1999
£000	£000

Amounts repayable within one and five years	-	4,326
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Loans are repayable by instalments and are at varying interest rates.

17 COMMITMENTS TO GROUP COMPANY

The company in the course of its business enters into interest rate swap contracts. The underlying principal amount of these contracts and the replacement cost obtained by marking to market are:

2000	1999
£000	£000

Underlying principal amount	440,342	259,416
Replacement cost	9,328	1,443

18 DATE OF APPROVAL

The directors approved the accounts on 10 September 2001.