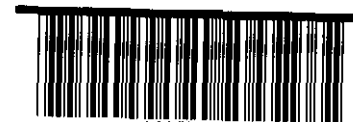


1004792

LLOYDS TSB LEASING LIMITED

31 December 2001

Member of Lloyds TSB Group



A05
COMPANIES HOUSE

A6824FBC

0267
24/10/02

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.

At the end of the year the cost of leased assets amounted to £473,778,000.

RESULTS AND DIVIDEND

The profit for the financial year ended 31 December 2001 amounted to £31,731,000, as set out in the profit and loss account on page 6.

An interim dividend of £18,000,000 was paid in March 2002. A further interim dividend of £18,500,000 was paid in July 2002.

DIRECTORS

The following changes in directors have taken place during the year:

<u>Director's name</u>	<u>Appointed</u>	<u>Resigned</u>
A J Cumming *		5 March 2001
F M P Riding	5 March 2001	
A B Vowles*	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 in the capital of Lloyds TSB Group plc were:

Shares:

	At 31 December 2001	At 1 January 2001 (or later date of appointment)
A R Foad	31,899	28,515
M J Green	95,734	98,647
R S King	-	-
P B Miles	68,683	69,602
F M P Riding	11,408	8,283
R R Seggins	62,441	56,253
A B Vowles	12,153	10,815

Options to acquire shares:

	At 1 January 2001 (or later date of appointment)	During the year (or since appointment during the year)		At 31 December 2001
		Granted	Exercised	
A R Foad	28,571	3,624	1,961	30,234
M J Green	66,329	68,614	2,454	132,489
R S King	-	9,160	-	9,160
P B Miles	22,518	4,687	2,081	25,124
F M P Riding	142,944	77,806	1,909	218,841
R R Seggins	49,368	44,615	2,454	91,529
A B Vowles	21,316	-	1,090	20,226

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 2001, 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

16 October 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB LEASING LIMITED

We have audited the financial statements on pages 5 to 13.

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. United Kingdom 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 period. 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 are responsible for keeping proper 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 responsibility is to audit the financial statements 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 financial statements 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 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

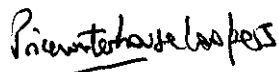
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2001 and of the loss 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

16 October 2002

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) Premises and equipment

Premises and equipment are depreciated over the life of the assets taking into account anticipated residual values.

(f) 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.

(g) 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.

(h) Foreign currency translation

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

(i) 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.

(j) Interest rate swaps

The company in the course of its business enters into interest rate swap contracts, to reduce its exposure to fluctuations in interest rates on borrowings where the associated finance lease income is at a fixed rate. The receipts and payments on these swaps are included in the profit and loss account so as to match the interest payable on the borrowing.

LLOYDS TSB LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Note	2001 £000	2000 £000
TURNOVER	1	12,762	13,448
AMORTISATION OF LEASED ASSETS		1,928	3,642
		14,690	17,090
INCOME FROM JOINT VENTURES		28,831	27,710
INTEREST INCOME	2	10,064	9,078
OTHER OPERATING INCOME	3	8,198	7,119
		61,783	60,997
INTEREST EXPENSE	5	39,736	42,877
		22,047	18,120
Management fees receivable from subsidiary undertakings		5,795	2,832
		27,842	20,952
OPERATING EXPENSES			
Administrative expenses	18	6,122	5,888
		21,720	15,064
DIVIDENDS RECEIVABLE FROM SUBSIDIARY COMPANIES		16,488	35,189
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		38,208	50,253
TAXATION	6	6,477	2,691
		31,731	47,562
PROFIT FOR THE FINANCIAL YEAR		31,731	47,562
DIVIDENDS		36,500	39,000
RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR	13	(4,769)	8,562

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

LLOYDS TSB LEASING LIMITED

BALANCE SHEET
at 31 December 2001

	Note	2001 £000	2000 £000
ASSETS			
FIXED ASSETS			
Premises and equipment	8	300	-
Investments	9	505,496	540,231
		<u>505,796</u>	<u>540,231</u>
CURRENT ASSETS			
DEBTORS			
Finance lease receivables after more than one year	10	305,859	305,577
Amounts owed by group companies	11	187,438	186,519
Other debtors		3,988	131
		<u>1,003,081</u>	<u>1,032,458</u>
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	12	2,000	2,000
Reserves	13	12,629	17,398
	14	14,629	19,398
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	123,859	108,150
CREDITORS			
Amounts owed to group companies	16	863,064	902,701
Other creditors		1,529	2,209
		<u>864,593</u>	<u>904,910</u>
		<u>1,003,081</u>	<u>1,032,458</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

	2001 £000	2000 £000
Interest income comprises:		
from group companies	10,064	9,078

3 OTHER OPERATING INCOME

Other operating income comprises fee income for the arrangement of leases of £2,054,000 (2000: £1,005,000) and profit arising on the sale of a subsidiary company of £6,144,000 (2000: £6,114,000).

4 DIRECTORS' EMOLUMENTS

The aggregate of the emoluments of the directors was £393,788 (2000: £343,938).

Retirement benefits are accruing to 2 directors (2000: 2) under defined benefit pension schemes.

The number of directors who exercised share options was 2 (2000: 2).

The aggregate of the emoluments of the highest paid director was £224,652 (2000: £197,473).

At the year end his accrued pension totalled £70,278 per annum (2000: £47,242) being his pension entitlement based on pensionable service with the group to 31 December 2001 but payable at normal retirement age.

5 INTEREST EXPENSE

	2001 £000	2000 £000
Interest expense comprises:		
Interest payable to - group companies on bank loans and overdrafts	39,736	42,688
- others	-	189
	39,736	42,877

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

6 TAXATION

	2001 £000	2000 £000
Group relief (receivable) payable - current year	(2,727)	(10,172)
- prior year	(6,505)	185
Deferred taxation - current year	7,650	12,870
- prior year	8,059	(192)
	6,477	2,691

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 30% (2000: 30%).

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 PREMISES AND EQUIPMENT

	Cost £000	Depreciation £000	Net book value £000
Addition	300	-	300
Charge for the year	-	-	-
At 31 December 2001	300	-	300
At 31 December 2000	-	-	-

9 INVESTMENTS

	Note	2001 £000	2000 £000
Investments in subsidiary undertakings	9(a)	50,157	63,754
Investments in joint ventures	9(b)	455,339	476,477
		505,496	540,231

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

9 INVESTMENTS

(a) Investments in subsidiary undertakings

	£000
At 1 January 2001	63,754
Repayment of pre-acquisition reserves	(13,597)
At 31 December 2001	50,157

Moon Leasing Limited, a wholly-owned subsidiary of the company was sold during the year. The principal subsidiary undertakings on 31 December 2001, 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 Property Investment Company No. 4 Limited	31 December
Lloyds TSB Equipment Leasing (No. 1) Limited	30 September
Lloyds TSB Equipment Leasing (No. 2) Limited	31 March
Lloyds TSB Equipment Leasing (No. 3) Limited	30 September
Lloyds TSB Equipment Leasing (No. 4) Limited	30 September
Lloyds TSB Maritime Leasing (No. 1) Limited	30 September
Lloyds TSB Maritime Leasing (No. 2) Limited	30 September
Lloyds TSB Maritime Leasing (No. 3) Limited	30 June
Lloyds TSB Maritime Leasing (No. 4) Limited	30 September
Lloyds TSB Maritime Leasing Limited	31 December
Lunar Finance Limited	31 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

9 INVESTMENTS (continued)

(b) Investments in joint ventures

	£000
At 1 January 2001	476,477
Reduction in investment	(21,138)
At 31 December 2001	455,339

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

10 FINANCE LEASE RECEIVABLES

	2001 £000	2000 £000
Future rentals (net of provisions)	582,290	601,184
Less:		
Rentals received in advance	(19,233)	(17,597)
Income allocated to future periods	(257,198)	(278,010)
	305,859	305,577

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

Accumulated amortisation	134,610	167,541
General bad debt provision	14,075	14,075

11 AMOUNTS OWED BY GROUP COMPANIES

	2001 £000	2000 £000
Amounts due within one year:		
Bank deposits	154,105	49,000
Sums due from fellow subsidiary undertakings	11,567	99,079
Interest receivable	2,249	2,374
Group relief receivable	13,267	23,756
Dividends receivable	6,250	12,310
	187,438	186,519

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

12 CALLED UP SHARE CAPITAL

	2001 £000	2000 £000
Authorised, allotted, issued and fully paid: ordinary shares of £1 each	2,000	2,000

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.

13 RESERVES

	£000
At 1 January 2001	17,398
Retained loss for the year	(4,769)
At 31 December 2001	12,629

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2001 £000	2000 £000
Profit for the year after taxation	31,731	47,562
Dividends	36,500	39,000
Net (decrease) increase in shareholder's funds	(4,769)	8,562
Shareholder's funds at beginning of year	19,398	10,836
Shareholder's funds at end of year	14,629	19,398

15 DEFERRED TAXATION

	£000
At 1 January 2001	108,150
Charge for the year	15,709
At 31 December 2001	123,859

The balances at 1 January and 31 December 2001 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

16 AMOUNTS OWED TO GROUP COMPANIES

	2001 £000	2000 £000
Amounts falling due within one year:		
Bank overdraft	181,807	153,583
Bank borrowings	637,741	665,574
Amounts due to fellow subsidiary undertakings	1,575	24,636
Interest payable	11,504	12,550
Group relief payable	6,772	17,471
Interim dividend	18,500	22,000
	857,899	895,814
Amounts falling due between one and five years:		
Bank borrowings	5,165	6,887
	863,064	902,701

17 COMMITMENTS TO GROUP COMPANY

The underlying principal amount of interest swap contracts and the replacement cost obtained by marking to market are:

	2001 £000	2000 £000
Underlying principal amount	356,448	440,342
Replacement cost	6,883	9,328

18 ADMINISTRATIVE EXPENSES

	2001 £000	2000 £000
Administrative expenses comprises:		
Administrative expenses	5,887	5,628
PwC fees - audit	185	260
- other	50	-
	6,122	5,888

19 DATE OF APPROVAL

The directors approved the accounts on 16 October 2002.