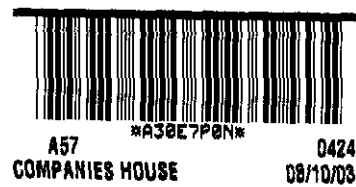


LLOYDS TSB LEASING LIMITED

31 December 2002



Member of Lloyds TSB Group

LLOYDS TSB LEASING LIMITED
25 Gresham Street London EC2V 7HN

DIRECTORS

A R Foad
M J Green
R S King (alternate: A B Vowles)
P B Miles
F M P Riding

SECRETARY

S Slattery

AUDITORS

PricewaterhouseCoopers LLP

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

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 £913,404,000.

The company is a partner in a number of leasing partnerships.

RESULTS AND DIVIDEND

The profit for the financial year ended 31 December 2002 amounted to £63,954,000 as set out in the profit and loss account on page 6.

An interim dividend of £50,000,000 was paid in June 2003.

DIRECTORS

Mr D P Pritchard resigned as a director of the company on 9 May 2003. Mr R R Seggins resigned as a director of the company on 4 July 2003. Mr A R Foad, an alternate director to Mr P B Miles, was appointed a director on 14 August 2003.

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

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 1 January 2002	At 31 December 2002
A R Foad	31,899	41,910
M J Green	95,734	97,493
R S King	-	-
P B Miles	68,683	70,238
D P Pritchard	-	-
F M P Riding	11,408	14,145
R R Seggins	62,441	71,948
A B Vowles	12,153	14,653

Options to acquire shares:

		During the year		
	At 1 January 2002	Granted	Exercised	At 31 December 2002
A R Foad	30,234	3,920	8,497	25,657
M J Green	132,489	104,100	497	236,092
R S King	9,160	9,790	-	18,950
P B Miles	25,124	6,031	663	30,492
D P Pritchard	-	-	-	-
F M P Riding	218,841	1,157	31,658	188,340
R R Seggins	91,529	47,202	18,000	120,731
A B Vowles	20,226	6,172	829	25,569

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

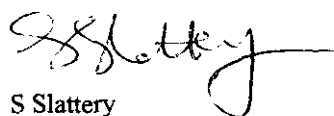
POLICY AND PRACTICE ON PAYMENT OF CREDITORS

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 DTI Publications order line 0870-1502500 (quoting ref. URN 01/621).

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 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



S Slattery
Secretary

17 September 2003

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

We have audited the financial statements on pages 5 to 14.

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 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.

This report, including the opinion, has been prepared for and only for the company's members as a body 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 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

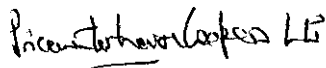
Basis of audit opinion

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 2002 and of the 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

Southwark Towers
32 London Bridge Street
London SE1 9SY

17 September 2003

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 and Statement of Recommended Practice for the leasing industry. 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) 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) Change of accounting policy

Comparative figures have been restated to reflect a change of accounting policy:

The income and assets in the company's financial statements relating to investments in leasing partnerships are now accounted for as finance leases, rather than investments. The accounting policy has been changed because the directors consider the new policy to give a fairer presentation of the company's results for the year. This change has had no effect on the prior year profit before tax.

(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) 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 amounts receivable and payable on these swaps are included in the profit and loss account so as to match the interest payable on the borrowing.

(f) Premises and equipment

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

(g) Investments in subsidiary undertakings

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

(h) 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.

(i) Foreign currency translation

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

(j) Deferred taxation

Full provision is made for deferred tax liabilities arising from timing differences between recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted, or where they can be offset against deferred tax liabilities.

LLOYDS TSB LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

	Note	2002 £000	Restated 2001 £000
TURNOVER	1	39,323	41,593
AMORTISATION OF LEASED ASSETS		790	1,928
		40,113	43,521
INTEREST INCOME	2	12,537	10,064
DIVIDENDS RECEIVABLE FROM SUBSIDIARY COMPANIES		31,357	16,488
OTHER OPERATING INCOME	3	17,337	13,993
		101,344	84,066
INTEREST EXPENSE	4	32,907	39,736
		68,437	44,330
RELEASE OF PROVISION FOR BAD AND DOUBTFUL DEBTS		14,075	-
		82,512	44,330
OPERATING EXPENSES			
Administrative expenses	5	7,167	6,122
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		75,345	38,208
TAXATION	7	11,391	6,477
PROFIT FOR THE FINANCIAL YEAR		63,954	31,731
DIVIDENDS PAYABLE		50,000	36,500
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR	14	13,954	(4,769)

There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

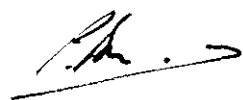
There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

The notes on pages 8 to 14 form part of these accounts.

LLOYDS TSB LEASING LIMITED

BALANCE SHEET
at 31 December 2002

	Note	2002 £000	Restated 2001 £000	£000
ASSETS				
FIXED ASSETS				
Premises and equipment	9	978		300
Investments	10	43,243		50,157
		44,221		50,457
CURRENT ASSETS				
DEBTORS				
Finance lease receivables				
within one year		145,998	149,124	
after more than one year		618,966	612,074	
	11	764,964		761,198
Amounts owed by group companies	12	307,197		187,438
Other debtors		7,828		3,988
		1,124,210		1,003,081
LIABILITIES				
SHAREHOLDER'S FUNDS				
Called up share capital	13	2,000		2,000
Reserves	14	26,583		12,629
	15	28,583		14,629
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	16	143,741		123,859
CREDITORS				
Amounts owed to group companies	17	950,328	863,064	
Other creditors		1,558	1,529	
		951,886		864,593
		1,124,210		1,003,081



Director

The notes on pages 8 to 14 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

	2002 £000	2001 £000
Interest income comprises:		
Interest receivable from group companies	12,537	10,064

3 OTHER OPERATING INCOME

Other operating income comprises fee income for the arrangement of leases of £3,632,000 (2001: £2,054,000), management fees receivable from group companies of £6,389,000 (2001: £5,795,000) and profit arising on the sale of a subsidiary company of £7,316,000 (2001: £6,144,000).

4 INTEREST EXPENSE

	2002 £000	2001 £000
Interest expense comprises:		
Interest payable to group companies on bank loans and overdrafts	32,907	39,736

5 ADMINISTRATIVE EXPENSES

	2002 £000	2001 £000
Administrative expenses comprises:		
Administrative expenses	6,921	5,887
Auditors remuneration – audit services	215	185
Auditors remuneration – other services	31	50
	7,167	6,122

6 DIRECTORS' EMOLUMENTS

The aggregate of the emoluments of the directors was £363,865 (2001: £393,788).

Retirement benefits are accruing to 2 directors (2001: 2) under defined benefit pension schemes.

The number of directors who exercised share options was 6 (2001: 2).

The aggregate of the emoluments of the highest paid director was £211,321 (2001: £224,652). At the year end his accrued pension totalled £74,860 per annum (2001: £70,278) being his pension entitlement based on pensionable service with the group to 31 December 2002 but payable at normal retirement age.

NOTES TO THE ACCOUNTS

7 TAXATION

	2002 £	2001 £
(a) The charge for the period comprises:		
Group relief payable (receivable) for the year	3,219	(2,727)
Adjustment in respect of prior years	755	(6,505)
Total group relief payable (receivable) for year (Note 7(b))	3,974	(9,232)
Deferred taxation - current year (Note 16)	8,028	7,650
- adjustment in respect of prior years (Note 16)	(611)	8,059
	11,391	6,477

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

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

Profit on ordinary activities before taxation	75,345	38,208
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001:30%)	22,603	11,462
Movement in general provision	(4,223)	-
Capital allowances for the year in excess of depreciation	(3,805)	(7,650)
Non taxable income	(11,602)	(6,559)
Other permanent differences	246	20
Adjustment in respect of prior years	755	(6,505)
Total group relief payable (receivable) for period (Note 7(a))	3,974	(9,232)

The taxation charge on the profit for the year has been based on a United Kingdom corporation tax rate of 30% (2001: 30%).

8 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	25 Gresham Street London EC2V 7HN
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
Omnium Leasing Company	24.46	23 Great Winchester Street, London, EC2P 2AX

* Accounts made up to 31 March

** Accounts made up to 30 June

*** Accounts made up to 30 September

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

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

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

9 PREMISES AND EQUIPMENT

	Leasehold improvements £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2002	300	-	300
Additions during the year	506	248	754
At 31 December 2002	806	248	1,054
Accumulated depreciation			
At 1 January 2002	-	-	-
Charge for the year	60	16	76
At 31 December 2002	60	16	76
Net book value at 31 December 2002	746	232	978
Net book value at 31 December 2001	300	-	300

NOTES TO THE ACCOUNTS

10 INVESTMENTS

Investments in subsidiary undertakings

	£000
At 1 January 2002	50,157
Acquisitions during the year	-
Disposals during the year	(300)
Repayment of pre-acquisition reserves	(6,614)
At 31 December 2002	43,243

Lloyds International Leasing Limited, a wholly owned subsidiary of the company, was sold during the year. Lloyds TSB Maritime Leasing (No. 6), a wholly owned subsidiary of the company, was acquired during the year. The principal subsidiary undertakings on 31 December 2002, 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 Investment Bonds Limited	31 December
Lloyds Investment Bonds No. 2 Limited	31 December
Lloyds Investment Securities Limited	31 March
Lloyds Investment Securities (No. 5) Limited	31 December
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 (No. 6) Limited	31 December
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

11 FINANCE LEASE RECEIVABLES

	2002 £000	Restated 2001 £000
Future rentals (net of provisions)	1,007,367	1,037,629
Less:		
Rentals received in advance	(19,597)	(19,233)
Income allocated to future periods	(222,806)	(257,198)
	764,964	761,198

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

Accumulated amortisation	128,843	134,610
General bad debt provision	-	14,075

Included in finance lease receivables is £444,618,000 (2001: £455,339,000) in respect of the company's investment in Motability partnerships on the basis that the underlying Motability partnership agreements stipulate that the individual partners are only entitled to receive an agreed lenders return on the funds invested.

12 AMOUNTS OWED BY GROUP COMPANIES

	2002 £000	2001 £000
Amounts due within one year:		
Bank deposits	223,197	154,105
Sums due from fellow subsidiary undertakings	64,271	11,567
Interest receivable	2,134	2,249
Group relief receivable	7,595	13,267
Dividends receivable	10,000	6,250
	307,197	187,438

13 CALLED UP SHARE CAPITAL

	2002 £000	2001 £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, 25 Gresham Street London EC2V 7HN.

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

14 RESERVES

	£000
At 1 January 2002	12,629
Retained profit for the year	13,954
At 31 December 2002	26,583

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £000	2001 £000
Profit for the year after taxation	63,954	31,731
Dividends	50,000	36,500
Net increase (decrease) in shareholder's funds	13,954	(4,769)
Shareholder's funds at beginning of year	14,629	19,398
Shareholder's funds at end of year	28,583	14,629

16 DEFERRED TAXATION

	£000
At 1 January 2002	123,859
Realignment due to movement in share of leasing partnership in prior years	12,465
Charge for the year	7,417
At 31 December 2002	143,741

The balances at 1 January and 31 December 2002 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.

17 AMOUNTS OWED TO GROUP COMPANIES

	2002 £000	2001 £000
Amounts falling due within one year:		
Bank overdraft	219,603	181,807
Bank borrowings	629,629	637,741
Amounts due to fellow subsidiary undertakings	24,366	1,575
Interest payable	9,591	11,504
Group relief payable	13,265	6,772
Interim dividend	50,000	18,500
	946,454	857,899
Amounts falling due between one and five years:		
Bank borrowings	3,874	5,165
	950,328	863,064

LLOYDS TSB LEASING LIMITED

NOTES TO THE ACCOUNTS

18 COMMITMENTS TO GROUP COMPANY

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

	2002 £000	2001 £000
Underlying principal amount	362,346	356,448
Replacement cost	6,160	6,883

19 POST BALANCE SHEET EVENTS

On 13 January 2003, the company sold Lloyds Property Investment Company No. 4 Limited. Lloyds TSB Maritime Leasing (No. 6) Limited was sold on 26 February 2003.

20 DATE OF APPROVAL

The directors approved the accounts on 17 September 2003.