

Lloyds Bank Leasing Limited

Annual report and financial statements
for the year ended 31 December 2019

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

01004792

Current directors

C G Dowsett
G A Fox
L F C Dorey

Company Secretary

A E Mulholland

Strategic report

For the year ended 31 December 2019

The Directors present their Strategic report and audited financial statements of Lloyds Bank Leasing Limited (the "Company") for the year ended 31 December 2019.

Business overview

The Company is part of the Commercial Banking division of the Lloyds Banking Group plc group of companies ("the Group"), principally focused on meeting the needs of commercial clients through the provision of asset finance. Strategic direction is set by the Board, to ensure that the Company's interests and other charges fully reflect the risks associated with its principal activities, while remaining profitable.

The principal activity of the Company during the year was the holding of investments in subsidiary undertakings. Previously the Company held one finance lease in its secondary period, this was terminated during the year with no gain or loss recognised through the Statement of comprehensive income.

The investment in subsidiary undertakings did not change materially during the year. Ten of the Company's subsidiary undertakings were dissolved during 2019. The carrying value of these subsidiaries was £10,900. An impairment on disposal on one of the Company's subsidiaries was recorded in the prior year of £12,800,000. This subsidiary is longer held within the Company. There has been no impairment recorded in the Statement of comprehensive income in the current year and as such the Company's profits have increased accordingly.

Dividend income of £16,346,000 was received from the Company's subsidiary undertakings during the year. This is significantly higher than the dividend income of £96,000 from the prior year and the Company's profit has increased accordingly.

The financial performance of the Company is detailed in the Statement of comprehensive income on page 5.

Section 172(1) statement and statement of engagement with other stakeholders

In accordance with the Companies Act 2006 (the 'Act'), for the year ended 31 December 2019, the Directors provide the following statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company under section 172. Further details on key actions in this regard are also contained within the Directors' Report on pages 3 and 4.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the following statement also provides details on how the Directors have engaged with, and had regard to, the interest of key stakeholders only as the Company has no direct employees. The Company is a subsidiary of Lloyds Banking Group plc ("LBG"), and as such follows many of the processes and practices of LBG, which are further referred to in this statement where relevant.

- Customers

The Directors ensure the Company, as part of Lloyds Banking Group plc, actively manages customer products and in line with Lloyds Banking Group plc has a focus on treating customers fairly. The Directors have also worked to agree customer plans, regularly reviewing customer behaviour, customer pricing and repayment of customer loans, to understand areas where improvements can be made. Lloyds Banking Group plc regularly benchmarks amongst its customers the performance of itself and its subsidiaries, and uses this insight along with a range of internal and external research to ensure ongoing improvement in customer experience.

- Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc, forming part of Lloyds Banking Group plc's Commercial Banking division. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where required to those of Lloyds Banking Group plc, ensuring that the interests of Lloyds Banking Group plc as the Company's sole shareholder are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group plc with its shareholders is included within the Strategic Report within the Lloyds Banking Group plc Annual Report and Accounts for 2019, which does not form part of this report, available on the Lloyds Banking Group plc website.

The Board receives updates on regulatory interaction as required. The approach of LBG, including that of the Company, to managing regulatory change is discussed further on page 11 of the LBG Annual Report and Accounts for 2019 available on the LBG website.

Strategic report (continued)

For the year ended 31 December 2019

Section 172(1) statement and statement of engagement with other stakeholders (continued)

- Communities and the Environment

Due to its limited physical presence, the Company has a minimal direct impact on the community and the environment, it does however continue to support Lloyds Banking Group plc's related initiatives, including Helping Britain Prosper by actively managing its current leasing book. Further information in respect of Lloyds Banking Group plc's overall approach to engaging with and contributing to the communities in which it operates is included within the Strategic Report within the Lloyds Banking Group plc's Annual Report and Accounts for 2019, which does not form part of this report. Additional information on Lloyds Banking Group plc's Helping Britain Prosper Plan is available on the Lloyds Banking Group plc website.

- Suppliers

The Company's approach to external supplier management makes use of that of LBG, which works with around 3,100 active suppliers of varying sizes, most in professional services sectors such as IT, cyber, operations, management consultancy, legal, HR, marketing and communication. The supply chain is crucial to the way the Company and LBG serves its customers, and through it the reach is considerable.

The Company and LBG seek to improve the experience of suppliers, with feedback regularly sought on related assurance processes to ensure continued improvement in the process. Suppliers are also encouraged to express their satisfaction or otherwise, and have access to LBG and the Company's whistleblowing service.

In 2019 LBG's supplier expenditure was £5.9 billion, with 95.5 per cent of third party suppliers being located in the UK. Importance is placed on having the right supplier framework to operate responsibly. LBG's Sourcing & Supply Chain Management Policy applies to all businesses, divisions, and subsidiaries of LBG, including the Company, with the directors assuming ultimate responsibility for its application as relevant to the Company. This Policy has been designed to assist in managing the inherent risk in outsourcing services, and in dealing with third party suppliers. Suppliers are required to adhere to relevant LBG policies and comply with LBG's Code of Supplier Responsibility which can be found on the LBG website. This defines expectations for responsible business behaviour, underpinning the efforts of the Company and LBG to share and extend good practice. All material contracts are subject to rigorous cost management governance with regular review of key supplier risks.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 20 to the financial statements.

In the context of operational resilience, the Company has assessed the risks associated with the current global health issue Covid-19 and will continue to monitor the impacts. The Directors assess this event to have no impact on the financial position of the Company.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the board of directors and signed on its behalf by:



C G Dowsett

Director

28 September 2020

Directors' report

For the year ended 31 December 2019

The directors present their Annual report and the audited financial statements of Lloyds Bank Leasing Limited ("the Company") for the year ended 31 December 2019.

General information

The Company is a private company limited by shares, incorporated and domiciled in England and Wales, United Kingdom (registered number: 01004792).

Business review

During the year, the principal activity of the Company was the holding of investments in subsidiary undertakings, this is likely to continue for the foreseeable future.

The results of the Company show a profit before taxation of £17,624,000 (2018: £11,520,000 loss) for the year as set out in the Statement of comprehensive income on page 5.

The Company has shareholder's equity of £16,129,000 (2018: £21,323,000).

The Company is funded entirely by other companies within the Group.

Future outlook

The Company is part of the wider Lloyds Banking Group, and, at that level, consideration of many of the potential implications following the UK's vote to leave the European Union ("EU") has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications.

Employees

The Company has no direct employees (2018: nil). All staff are employed by other group undertakings and no staff costs are recharged to the Company.

Dividends

In December 2019 a dividend of £22,540,000 was paid to the Company's parent (2018: £nil).

Directors

The current directors of the Company are shown on the front cover.

There have been no changes to directors between the beginning of the reporting period and the approval of the Annual report and financial statements.

Going Concern

The financial statements have been prepared on a going concern basis. There is a net asset position of £16,129,000 (2018: £21,323,000).

The Company is covered by the letter of support from the Group dated 19 February 2020 that covers Lloyds Bank plc, and all its subsidiaries, which confirms that any additional liabilities will be borne by the ultimate parent company if required.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Annual report and financial statements.

Information included in the Strategic report

The disclosures for Principal risks and uncertainties and Key performance indicators that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on pages 1 and 2.

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Directors' report (continued)

For the year ended 31 December 2019

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



C G Dowsett

Director

28 September 2020

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Investment income	4	16,346	96
Finance income	5	2,278	1,837
Finance costs	6	(967)	(780)
		17,657	1,153
Other operating income	7	199	471
Other operating expenses	8	-	(19)
Impairment charge	9	-	(12,900)
Administration expenses	10	(234)	(222)
Foreign exchange gain/(loss)		2	(3)
Profit/(loss) before tax	11	17,624	(11,520)
Taxation	12	(278)	(270)
Profit/(loss) after tax and total comprehensive income		17,346	(11,790)

The accompanying notes are an integral part of these financial statements.

Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Amounts due from group undertakings	13	279,779	272,450
Other debtors		16	-
Property, plant and equipment	14	-	-
Investment in subsidiary undertakings	15	828	839
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Total assets		280,623	273,289
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LIABILITIES			
Amounts due to group undertakings	17	264,280	251,669
Other creditors		214	297
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Total liabilities		264,494	251,966
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EQUITY			
Share capital	18	2,000	2,000
Retained earnings		14,129	19,323
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Total equity		16,129	21,323
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Total equity and liabilities		280,623	273,289

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of directors and were signed on its behalf by:



C G Dowsett

Director

28 September 2020

Statement of changes in equity

For the year ended 31 December 2019

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 January 2018	2,000	31,113	33,113
Comprehensive income			
Loss for the year	-	(11,790)	(11,790)
Balance at 31 December 2018	2,000	19,323	21,323
Balance at 1 January 2019	2,000	19,323	21,323
Comprehensive income			
Profit for the year	-	17,346	17,346
Total comprehensive income	-	17,346	17,346
Transactions with owners			
Dividends paid	-	(22,540)	(22,540)
Total transactions with owners	-	(22,540)	(22,540)
Balance at 31 December 2019	2,000	14,129	16,129

The accompanying notes are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Profit/(loss) before tax		17,624	(11,520)
Adjustments for:			
- Impairment		-	12,900
- Foreign exchange		(2)	3
Operating cash flows before movements in working capital		17,622	1,383
(Increase)/decrease in trade and other receivables		(12)	39,473
Increase/(decrease) in trade and other payables		8,258	(7,015)
Cash generated from operations		25,868	33,841
Tax paid		(270)	(222)
Net cash generated from operating activities		25,598	33,619
Cash flows generated from/(used in) investing activities			
Disposal of investments		11	100
Additions of investments		-	(12,800)
Net cash generated from/(used in) investing activities		11	(12,700)
Cash flows (used in)/generated from financing activities			
Increase in bank borrowings		13,490	6,387
Dividends paid		(22,540)	-
Net cash (used in)/generated from financing activities		(9,050)	6,387
Change in cash and cash equivalents		16,559	27,306
Cash and cash equivalents at beginning of year		147,028	119,722
Cash and cash equivalents at end of year		163,587	147,028
Cash and cash equivalents comprise			
Cash at bank	13	6	2
Bank deposits	13	279,211	271,884
Bank overdraft	17	(115,630)	(124,858)
Total cash and cash equivalents		163,587	147,028

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2019

1. Basis of preparation

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

The financial information has been prepared under the historical cost convention. As stated below, the directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

In preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

There are no new IFRS pronouncements relevant to the Company that have been adopted in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2019 and which have not been applied in preparing these financial statements are given in note 21. No standards have been early adopted.

The financial statements have been prepared on a going concern basis. There is a net asset position of £16,129,000 (2018: £21,323,000).

The Company is covered by the letter of support from the Group dated 19 February 2020 that covers Lloyds Bank plc, and all its subsidiaries, which confirms that any additional liabilities will be borne by the ultimate parent company if required.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Annual report and financial statements.

2. Accounting policies

The Company's accounting policies are set out below. These accounting policies have been applied consistently.

2.1 Investments

Investment in subsidiary undertakings

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

These separate financial statements contain information about Lloyds Bank Leasing Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27 (revised), 'Consolidated and separate financial statements', from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, Lloyds Banking Group plc.

Investments in associates

Investments in associates represents entities over which the Company has significant influence and that is neither a subsidiary nor a joint venture. The Group's share of results from associated entities, generally based on audited accounts, are included in the Groups consolidated financial statements using the equity method of accounting. The share of any losses is restricted to a level that reflects an obligation to fund such losses.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

2.2 Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful life of the asset less any residual value of the assets over their useful lives as follows:

Fixtures and fittings 10 - 20 years
Other equipment 2 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that an asset's carrying amount is determined to be greater than its recoverable amount it is written down immediately. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

2.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings and Other debtors. Financial liabilities comprise Amounts due to group undertakings and Other creditors.

On initial recognition, financial assets are measured at fair value. These are subsequently classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. The Company reclassifies financial assets when and only when its business model for managing those assets changes.

A reclassification will only take place when the change is significant to the Company's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

2.4 Cash and cash equivalents

For the purposes of the Cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with original maturities of less than three months. Bank overdrafts are shown within Amounts due to group companies in the liabilities section on the Balance sheet.

2.5 Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

2.6 Taxation, including deferred income taxes

Tax expense comprises current tax. Current tax is charged or credited in The Statement of Comprehensive Income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside The Statement of Comprehensive Income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

2.6 Taxation, including deferred income taxes (continued)

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

2.7 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Dividends on ordinary shares are recognised as a reduction in equity in the period in which they are paid.

3. Critical accounting estimates and judgements

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing the financial statements, there are no critical judgements nor have any critical accounting estimates been made in the process of applying the Company's accounting policies.

4. Investment income	2019 £'000	2018 £'000
Dividend income	16,346	96
Investment income	16,346	96

Dividends of £16,346,000 (2018: £96,000) were received from subsidiary undertakings. For further details please refer to note 19.

5. Finance income	2019 £'000	2018 £'000
Interest receivable from other group undertakings	2,278	1,837
Finance income	2,278	1,837

6. Finance costs	2019 £'000	2018 £'000
Interest payable to other group undertakings	967	780
Finance costs	967	780

7. Other operating income	2019 £'000	2018 £'000
Other income receivable	199	471
Other operating income	199	471

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Other operating expenses

	2019 £'000	2018 £'000
Other expenses	-	19
Other operating expenses	-	19

9. Impairment charge

	2019 £'000	2018 £'000
Impairment of investment in subsidiary undertakings	-	12,900
Impairment charge	-	12,900

10. Administration expenses

	2019 £'000	2018 £'000
Professional fees and other related expenses	234	222
Administration expenses	234	222

11. Profit/(loss) before tax

Fees payable to the Company's auditors for the audit of the financial statements of £7,500 (2018: £7,500) have been borne by the ultimate parent Company and are not recharged to the Company.

The Company has no employees (2018: nil).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

12. Taxation

	2019 £'000	2018 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax payable on taxable profit for the year	(278)	(270)
Current tax charge	(278)	(270)

Corporation tax is calculated at a rate of 19.00% (2018: 19.00%) of the taxable profit for the year.

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Taxation (continued)

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit/(loss) before tax to the actual tax charge for the year is given below:

	2019 £'000	2018 £'000
Profit/(loss) before tax	17,624	(11,520)
Tax (charge)/credit thereon at UK corporation tax rate of 19.00% (2018: 19.00%)	(3,349)	2,189
Factors affecting charge:		
- Disallowed items	(36)	(2,480)
- Non taxable items	3,107	21
Tax charge on profit/(loss) on ordinary activities	(278)	(270)
Effective rate	1.58%	(2.34%)

13. Amounts due from group undertakings

	2019 £'000	2018 £'000
Cash at bank	6	2
Bank deposits	279,211	271,884
Interest receivable	180	182
Amounts due from fellow subsidiary undertakings	382	382
At 31 December	279,779	272,450

Bank deposits of £279,211,000 (2018: £271,884,000) are unsecured, interest bearing and payable on maturity. For further details please refer to note 19.

All other balances within amounts due from group undertakings of £568,000 (2018: £566,000) are unsecured, non interest bearing and payable on demand. For further details please refer to note 19.

14. Property, plant and equipment

	2019 £'000	2018 £'000
Original cost:		
At beginning of the year	61	61
Disposals during the year	-	-
At end of the year	61	61
Depreciation:		
At beginning of the year	(61)	(61)
Charge for the year	-	-
Disposals during the year	-	-
At end of the year	(61)	(61)
Net book value at end of the year	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2019

15. Investment in subsidiary undertakings

	2019 £'000	2018 £'000
At beginning of the year	839	1,040
Additions during the year	-	12,800
Impairment during the year	-	(12,900)
Disposals during the year	(11)	(101)
At the end of the year	828	839

During the year, ten of the company's subsidiary undertakings were dissolved, these being; General Leasing (No. 4) Limited, Leasing (No. 2) Limited, Lloyds Bank Equipment Leasing (No.10) Limited, Lloyds Bank Equipment Leasing (No.11) Limited, Lloyds Bank Leasing (No. 4) Limited, Lloyds Bank Maritime Leasing (No.12) Limited, Lloyds Bank Maritime Leasing (No.15) Limited, Lloyds Bank Maritime Leasing (No.18) Limited, Lloyds Bank Maritime Leasing (No.8) Limited and Lloyds Bank Maritime Leasing Limited.

In 2018, ten of the company's subsidiary investments were dissolved, being Hill Samuel Leasing (No. 2), Lloyds (Nimrod) Leasing Industries Ltd, Lloyds Bank Leasing (No. 7), Lloyds Financial Leasing Ltd, Whitestar Securities Ltd, Lloyds Maritime Leasing (No. 2), Lloyds Bank Leasing (No. 3), Lloyds Bank General Leasing (No. 18), Lloyds Bank Equipment Leasing (No. 5) and Lloyds Bank General Leasing (No. 1). One of the company's subsidiary investments was sold, being Lloyds Corporate Asset Finance (No. 1) at cost realising no gain or loss on disposal.

The principal subsidiary undertakings of the Company, all of which are registered in England and Wales, are listed below.

Company name	Ownership & Voting (%)	Class of shares	Accounting reference date	Nature of business
Birchcrown Finance Limited *	100	Ordinary	20/11/2019	Leasing
Birchcrown Finance Limited *	100	Preference	20/11/2019	Leasing
Conquest Securities Limited *	100	Ordinary	20/02/2019	Cash management
Conquest Securities Limited *	100	Preference	20/02/2019	Cash management
CTSB Leasing Limited **	100	Ordinary	20/11/2019	In liquidation
General Leasing (No. 12) Limited *	100	Ordinary	30/09/2019	Dormant
Hill Samuel Finance Limited *	100	Ordinary	31/12/2019	Leasing
Hill Samuel Finance Limited *	100	Preference	31/12/2019	Leasing
LBI Leasing Limited *	100	Ordinary	31/03/2019	Cash management
Lloyds (Nimrod)Specialist Finance Limited*	100	Ordinary	31/03/2019	Cash management
Lloyds Asset Leasing Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Corporate Asset Finance (HP) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Corporate Asset Finance (No.2) Limited *	100	Ordinary	30/06/2019	Leasing
Lloyds Bank Corporate Asset Finance (No.3) Limited *	100	Ordinary	30/09/2019	Leasing
Lloyds Bank Corporate Asset Finance (No.4) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Equipment Leasing (No.1) Limited *	100	Ordinary	30/09/2019	Cash management
Lloyds Bank Equipment Leasing (No.7) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Equipment Leasing (No.9) Limited *	100	Ordinary	30/11/2019	Investment holding
Lloyds Bank General Leasing (No. 11) Limited *	100	Ordinary	30/09/2019	Cash management
Lloyds Bank General Leasing (No. 17) Limited *	100	Ordinary	31/12/2019	Cash management
Lloyds Bank General Leasing (No. 20) Limited **	100	Ordinary	31/12/2019	In liquidation
Lloyds Bank General Leasing (No. 3) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank General Leasing (No. 5) Limited *	100	Ordinary	30/06/2019	In liquidation
Lloyds Bank Leasing (No. 6) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Leasing (No. 8) Limited **	100	Ordinary	31/12/2019	In liquidation
Lloyds Bank Maritime Leasing (No.10) Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Bank Maritime Leasing (No.13) Limited **	100	Ordinary	31/12/2019	In liquidation

Notes to the financial statements (continued)

For the year ended 31 December 2019

15. Investment in subsidiary undertakings (continued)

Company name	Ownership & Voting (%)	Class of shares	Accounting reference date	Nature of business
Lloyds Bank Maritime Leasing (No.16) Limited **	100	Ordinary	31/12/2019	In liquidation
Lloyds Bank Maritime Leasing (No.17) Limited *	100	Ordinary	31/12/2019	Cash management
Lloyds Bank Property Company Limited *	100	Ordinary	30/09/2019	Leasing
Lloyds Commercial Leasing Limited *	100	Ordinary	30/09/2019	In liquidation
Lloyds General Leasing Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Industrial Leasing Limited *	100	Ordinary	30/06/2019	Leasing
Lloyds Investment Bonds Limited *	100	Ordinary	28/06/2019	In liquidation
Lloyds Investment Securities No.5 Limited*	100	Ordinary	31/12/2019	Cash management
Lloyds Leasing (North Sea Transport) Limited *	100	Ordinary	31/12/2019	Investment holding
Lloyds Leasing Developments Limited *	100	Ordinary	31/12/2019	Leasing
Lloyds Plant Leasing Limited *	100	Ordinary	31/03/2019	Dormant
Lloyds Portfolio Leasing Limited *	100	Ordinary	31/12/2019	Investment holding
Lloyds Project Leasing Limited *	100	Ordinary	31/03/2019	Leasing
Lloyds Property Investment Co No.3 Limited *	100	Ordinary	31/12/2019	In liquidation
Lloyds Property Investment Co No.5 Limited *	100	Ordinary	31/12/2019	Cash management
Maritime Leasing (No.19) Limited *	100	Ordinary	31/12/2019	Cash management
Savban Leasing Limited *	100	Ordinary	31/12/2019	Leasing
Wood Street Leasing Limited *	100	Ordinary	30/09/2019	Investment holding

The registered offices of the subsidiary undertakings are as noted below:

Registered address

* 25 Gresham Street, London, EC2V 7HN

** 1 More London Place, London, SE1 2AF

16. Investment in associates

	2019 £'000	2018 £'000
At the beginning of the year	-	-
At the end of the year	-	-

Investments in associates represent the Company's 24% interest in Omnium Leasing Company.

17. Amounts due to group undertakings

	2019 £'000	2018 £'000
Bank overdraft	115,630	124,858
Bank borrowings	23,740	10,250
Interest payable	289	289
Amounts due to fellow subsidiary undertakings	120,671	112,025
Amounts due to parent undertakings	3,672	3,977
Tax payable	278	270
At 31 December	264,280	251,669

Bank borrowings of £23,740,000 (2018: £10,250,000) are unsecured, interest bearing and repayable on maturity (note 19).

Interest payable of £289,000 (2018: £289,000) are unsecured, non interest bearing and repayable on maturity (note 19).

All other balances within amounts due to group undertakings of £240,251,000 (2018: £241,130,000) are unsecured, non interest bearing and payable on demand. See note 19.

Notes to the financial statements (continued)

For the year ended 31 December 2019

18. Share capital

	2019 £	2018 £
Allotted, issued and fully paid		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company's parent may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or enter into debt financing.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in shareholder's equity.

19. Related party transactions

The Company's immediate parent company is Lloyds Bank plc. The Company regarded by the Directors as the ultimate parent company and ultimate controlling party is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent company of the smallest such group of undertakings. Copies of the group financial statements may be downloaded via www.lloydsbankinggroup.com.

The Company's related parties include other companies in the Group and the Company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's directors, who are listed on the cover of these financial statements.

A summary of the outstanding balances at the year end and the related income and expense for the year are set out below.

				2019 £'000	2018 £'000
Amounts due from group undertakings					
Nature of transaction	Related party	Repayment	Interest		
Cash at bank	Lloyds Bank plc	N/A	N/A	6	2
Bank deposits	Lloyds Bank plc	02/01/2020	0.79%	279,211	271,884
Interest receivable from parent undertaking	Lloyds Bank plc	02/01/2020	N/A	180	182
Amounts due from subsidiary undertakings	Maritime Leasing (No.19) Limited	No fixed date	N/A	382	382
Total amounts due from group undertakings (note 13)				279,779	272,450

				2019 £'000	2018 £'000
Amounts due to group undertakings					
Nature of transaction	Related party	Repayment	Interest		
Bank overdraft	Lloyds Bank plc	No fixed date	N/A	(115,630)	(124,858)
Bank borrowings	Lloyds Bank plc	02/01/2020	0.79%	(23,740)	(10,250)
Interest payable to parent undertaking	Lloyds Bank plc	02/01/2020	N/A	(2)	(3)
Interest payable to parent undertaking	Lloyds Bank plc	Various	N/A	(210)	(211)
Amounts due to parent company	Lloyds Bank plc	No fixed date	N/A	(3,672)	(3,977)
Interest payable to group companies	Various	Various	N/A	(77)	(75)
Amounts due to group companies	Various	Various	Various	(120,671)	(112,025)
Taxation payable	Bank of Scotland plc	No fixed date	N/A	(278)	(270)
Other creditor	Maritime Leasing (No.19) Limited	No fixed date	N/A	(214)	(292)
Total amounts due to group undertakings (note 17)				(264,494)	(251,961)

Notes to the financial statements (continued)

For the year ended 31 December 2019

19. Related party transactions (continued)

Investment income			
Dividend income	Lloyds Bank Equipment Leasing (No.1) Limited	246	-
Dividend income	Lloyds Bank General Leasing (No.5) Limited	5,000	-
Dividend income	Lloyds Investment Securities No.5 Limited	5,000	-
Dividend income	Lloyds Project Leasing Limited	6,100	-
Dividend income	Lloyds Bank Maritime Leasing (No.15) Limited	-	96
<hr/>			
Finance income	Related Party		
Interest receivable	Lloyds Bank plc	2,278	1,837
<hr/>			
Finance costs	Related Party		
Interest payable	Lloyds Bank plc	967	780
<hr/>			
Other operating income	Related Party		
Arrangement fees receivable	Lloyds Bank plc	84	393
Other income	Maritime Leasing (No.19)	77	77

There were no doubtful debts incurred during the year.

There was a write back to the Statement of comprehensive income of £34,000 (2018: £nil) in the current year in relation to a balance previously held as Amounts due to group companies.

Dividends of £16,346,000 (2018: £96,000) were received during the year from subsidiaries.

Bank borrowings are interest bearing and during the year rates of interest of between 0.77% and 0.90% (2018: 0.29% and 0.85%) were charged.

The Company earned interest on bank deposits on which interest rates of between 0.78% and 0.91% (2018: between 0.29% and 0.85%) were received.

The Company paid taxation of £270,000 (2018: £222,000) during the year to fellow subsidiary undertakings.

The registered offices of related parties are noted below:

Related party	Registered address
Bank of Scotland plc	The Mound, Edinburgh, EH1 1YZ
Lloyds Bank plc	25 Gresham Street, London, EC2V 7HN
Maritime Leasing (No.19) Limited	25 Gresham Street, London, EC2V 7HN

20. Financial risk management

The Company's operations expose it to credit risk, liquidity risk, market risk and interest rate risk; it is not exposed to any significant foreign exchange risk. Responsibility for the control of overall risk lies with the Board of directors, operating within a management framework established by Lloyds Banking Group, and the ultimate parent, Lloyds Banking Group plc.

20.1 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The credit risk associated with trade receivables is managed through the application of strict underwriting criteria, determined by the Group's credit committee and credit functions. Significant credit exposures are measured and reported on a regular basis. Impairment provisions are provided for losses expected to be incurred at the Balance sheet date, using the basis of assessment discussed in note 1 and 2.4.

Credit risk mitigation

- Credit principles and policy: Group Risk sets out the group credit principles and policy according to which credit risk is managed, which in turn is the basis for divisional and business unit credit policy. Principles and policy are reviewed regularly and any changes are subject to a review and approval process. Business unit policy includes lending guidelines, which define the responsibilities of lending officers and provide a disciplined and focused benchmark for credit decisions.
- Concentration risk: Credit risk management includes portfolio controls on certain industries, sectors and product lines that reflect risk appetite and which operate at a divisional level. Credit policy is aligned to risk appetite and restricts exposure to certain high risk and more vulnerable sectors. At a divisional level, exposures are monitored to prevent excessive concentration of risk. These concentration risk controls are not necessarily in the form of a maximum limit on lending but may instead require new business in concentrated sectors to fulfil additional hurdle requirements.
- Stress testing and scenario analysis at a divisional level: The credit portfolio is also subjected to stress testing and scenario analysis, to simulate outcomes and calculate their associated impact.

Notes to the financial statements (continued)

For the year ended 31 December 2019

20. Financial risk management (continued)

20.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company is funded entirely by companies within the Group.

The liquidity profile of financial liabilities at the year end was as follows:

As at 31 December 2019

	On demand £'000	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
Bank overdraft	115,630	-	-	-	-	115,630
Bank borrowings	-	144,411	-	-	-	144,411
Other payables	4,374	79	-	-	-	4,453
	120,004	144,490	-	-	-	264,494

As at 31 December 2018

	On demand £'000	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
Bank overdraft	124,858	-	-	-	-	124,858
Bank borrowings	-	122,185	-	-	-	122,185
Other payables	4,844	79	-	-	-	4,923
	129,702	122,264	-	-	-	251,966

20.3 Interest rate risk

Interest rate risk is the risk that the future cash flows and fair values of a financial instrument may fluctuate because of changes in market interest rates.

Based on the Balance sheet carrying values a +/- 25 basis point change in interest rates will increase/reduce finance income by £698,000 and finance costs by £361,000.

20.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency fluctuations arises due to its financial assets and liabilities being denominated in foreign currencies.

At the year end, if the currency had fluctuated by +/- 25 basis points against the USD, with all other variables held constant, post tax profit would have changed by an insignificant amount primarily due to assets denominated in USD.

Foreign currency risk - carrying amount

	2019 \$'000	2018 \$'000
Amounts due from group undertakings	8	3
Financial assets	8	3

21. Future developments

The following pronouncement is not applicable for the year ending 31 December 2019 and has not been applied in preparing these financial statements. Save as disclosed below, the impact of these accounting changes is still being assessed by the Company and reliable estimates cannot be made at this stage.

With the exception of certain minor amendments, as at the date of signing these financial statements these pronouncements have been endorsed by the EU.

Notes to the financial statements (continued)

For the year ended 31 December 2019

21. Future developments (continued)

Minor amendments to other accounting standards

The IASB has issued a number of minor amendments to IFRSs effective 1 January 2020 (including IAS 1 Presentation of Financial Statements). These amendments are not expected to have a significant impact on the Company.

22. Contingent Liability

The Company provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to tax authorities. This includes open matters where Her Majesty's Revenue and Customs (HMRC) adopt a different interpretation and application of tax law which might lead to additional tax. The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2013 HMRC informed the Group that their interpretation of the UK rules, permitting the offset of such losses, denies the claim; if HMRC's position is found to be correct, management estimate that this would result in an increase in current tax liabilities for the Company of approximately £5,830,000 (including interest). The Group does not agree with HMRC's position and, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.

23. Events since the Balance sheet date

Since the year end and the preparation of the Annual report and financial statements, two of the Company's subsidiary investments have been dissolved. These are CTSB Leasing Limited and Lloyds Bank Maritime Leasing (No.13) Limited. The Directors assess this event to have no impact on the financial position of the Company.

Since the Balance sheet date there has been a global pandemic from the outbreak of Covid-19 which is causing widespread disruption to financial markets and normal patterns of business activity across the world, including the UK. The Directors assess this event to have no impact on the financial position of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK LEASING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Lloyds Bank Leasing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK LEASING LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

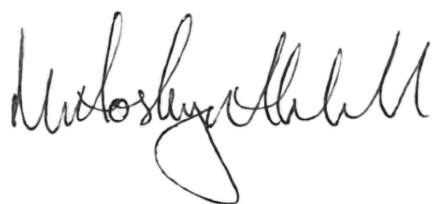
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abrahall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
28 September 2020