Carlease Limited

Registered number 461898

Report and Accounts
31 October 2007

Member of Lloyds TSB Group

Company information

Directors

Directors	T M Blackwell D J S Oldfield A P White
Secretary	David Jarvis

Carlease Limited is a limited company registered in England No 461898 and is both incorporated and domiciled in England and Wales

Registered office

25 Gresham Street
London
EC2V 7HN

Directors' report

For the year ended 31 October 2007

Business review and principal activities

Carlease Limited (the Company) provides a range of operating and finance leases for motor vehicle and plant and machinery The results for the Company show a profit before tax of £108,050 (2006 loss before tax of £14,612) for the year and net interest income of £104,120 (2006 £294,763)

Future outlook

The Company ceased to write new business in November 2003 Accordingly the lease fleet and loan book will run down as individual agreements expire

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Lloyds TSB Asset Finance Division Limited sub group and are not managed separately Further details of the Company's and Division's risk management policy are contained in note 2 to the financial statements

Key performance indicators ('KPIs')

Given that the Company is no longer writing new business the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Policy and practice on payment of suppliers

The Company follows "The Better Payment Practice Code" published by the Department for Business, Enterprise and Regulatory Reform (BERR) regarding the making of payments to suppliers A copy of the code and information about it may be obtained from the BERR Publications Order Line 0845-015-010 quoting ref URN 04/606

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 suppliers as at 31 October 2007, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985 is nil (2006 nil)

Dividends

No dividends were declared or paid in the year ended 31 October 2007 (2006 nil)

Directors

The names of the current directors are shown on page 1

The following changes have taken place during the year and since the year end

J L Davies	(resigned 18 December 2006)
D J S Oldfield	(appointed 19 December 2006
D K Potts	(resigned 28/09/2007)
T M Blackwell	(appointed 28/09/2007)
M P Kilbee	(resigned 30/04/2008)
A P White	(appointed 30/04/2008)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 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 International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed, subject to any material departures disclosed in the financial statements,

Directors' report
For the year ended 31 October 2007

Statement of directors' responsibilities (continued)

- 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 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

Auditors and disclosure of information to auditors

Each director in office at the date of this report confirms that

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

This confirmation is given, and should be interpreted, in accordance with the provisions of section 234ZA of the Companies Act 1985

On behalf of the board

D JC

David Jarvis
Secretary

28 August 2008

Report of the independent auditors to the members of Carlease Limited

We have audited the financial statements of Carlease Limited for the year ended 31 October 2007 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 into 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 October 2007 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

29 August 2008

Income statement
For the year ended 31 October 2007

	Note	2007 £	2006 £
Interest and similar income		**604,995**	1,096,399
Interest expense and similar charges		**(500,875)**	(801,636)
Net interest income	4	**104,120**	294,763
Operating lease rental income		**534,287**	724,457
Other operating expenses	5	**(530,357)**	(1,033,832)
Profit/ (loss) before tax	6	**108,050**	(14,612)
Taxation	9	**24,857**	4,383
Profit/ (loss)for the year attributable to equity shareholders		**132,907**	(10,229)

The notes on pages 9 to 18 are an integral part of these financial statements

Balance Sheet
At 31 October 2007

	Note	2007 £	Reclassified 2006 £
ASSETS			
Other current assets	10	**56,911**	83,889
Loans and advances to customers	11	**8,866,751**	14,070,878
Property, plant and equipment	12	**567,492**	1,016,890
Total assets		**9,491,154**	15,171,657
LIABILITIES			
Borrowed funds	13	**7,311,167**	12,486,433
Other current liabilities	14	**630,340**	673,888
Current tax liabilities		**378,556**	569,739
Deferred tax liabilities	15	**802,146**	1,205,559
Total liabilities		**9,122,209**	14,935,619
EQUITY			
Share capital	16	**2**	2
Retained profits		**368,943**	236,036
Total equity		**368,945**	236,038
Total equity and liabilities		**9,491,154**	15,171,657

The balance sheet at 31 October 2006 reflects a reclassification explained in notes 11 and 14

The notes on pages 9 to 18 are an integral part of these financial statements

The financial statements on pages 5 to 18 were approved by the board of directors and were signed on its behalf by

T M Blackwell
Director
28 August 2008

Statement of changes in equity
For the year ended 31 October 2007

	Share capital £	Retained profits £	Total £
At 1 November 2005	**2**	**246,265**	**246,267**
Loss for the year	-	(10,229)	(10,229)
At 31 October 2006	**2**	**236,036**	**236,038**
Profit for the year	-	132,907	132,907
At 31 October 2007	2	**368,943**	**368,945**

The notes on pages 9 to 18 are an integral part of these financial statements

Cash flow statement

For the year ended 31 October 2007

	2007 £	Reclassified 2006 £
Cash flows from operating activities		
Profit/(loss) before tax	**108,050**	(14,612)
Adjustments for		
- interest payable	**500,875**	801,636
- depreciation	**399,002**	577,368
- loss on disposal of property, plant and equipment	**38,956**	19,985
Changes in operating assets and liabilities		
- net decrease in loans and advances to customers	**5,204,127**	12,994,070
- net decrease in other debtors	**26,978**	75,376
- net decrease in other liabilities	**(43,548)**	39,506
Cash generated from operations	**6,234,440**	14,493,329
Interest paid	**(500,875)**	(801,636)
Taxes paid via group relief	**(569,739)**	(454,473)
Net cash from operating activities	**5,163,826**	13,237,220
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**11,440**	910
Net cash from investing activities	**11,440**	910
Cash flows from financing activities		
Repayment of net amounts due to other group companies	**(5,175,266)**	(13,238,130)
Net cash flows used in financing activities	**(5,175,266)**	(13,238,130)
Net (decrease)/increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	**-**

The notes on pages 9 to 18 are an integral part of these financial statements

Notes to the financial statements
31 October 2007

1 Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all years presented unless otherwise stated Carlease Limited is a limited company incorporated and domiciled in the United Kingdom

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union

IFRSs and interpretations that became effective during the financial year gave rise to no changes in the accounting policies of the Company Details of standards and interpretations relevant to the Company, but not effective at 31 October 2007 and not applied in preparing these financial statements, are set out in note 20

The financial statements have been prepared on a going concern basis under the historical cost convention

1 2 Financial assets and liabilities

Financial assets comprise amounts due from group undertakings, loans and advances to customers and other debtors Financial liabilities comprise borrowed funds and other creditors

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument Financial assets and liabilities are derecognised when the rights to receive cashflows, or obligations to pay cashflows, have expired

Other debtors, balances with group companies, borrowed funds and other creditors are recognised at amortised cost inclusive of transaction costs, using the effective interest rate method

When assets are leased under a finance lease, the amount due from the lessee is recorded as a receivable at the net present value of the lease payments plus any guaranteed residual value payments, where applicable, being the Company's net investment in the lease

Assets held under operating lease

Operating lease assets are included within property, plant and equipment at cost and depreciated over the life of the lease after taking into account anticipated residual values

1 3 Income recognition

Interest income from financial assets

Interest income and expense are recognised in the income statement for all interest-bearing financial instruments, including loans and advances, using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the associated interest income or interest expense to a period of account

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the agreement, but not future credit losses The calculation includes all amounts received or paid by the Company that are an integral part of the overall return, such as acceptance fees and direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts

Finance lease income is recognised over the lease term using the net investment method so as to reflect a constant periodic rate of return on the Company's net investment in the lease Initial direct costs attributed to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable thus reducing the amount of income recognised over the lease term

Once a financial asset or a group of similar financial assets, or the net investment in a finance lease has been written down as a result of an impairment loss, interest income is recognised for the remainder of the contract, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss

Operating lease rental income

Operating lease rental income is recognised on a straight line basis over the life of a lease

1 Accounting policies (continued)

1 4 Impairment

Loans and advances to customers and finance leases

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a loan or advance has become impaired Impairment losses are recognised separately in the income statement Evidence of impairment may include indications that the borrower or group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or other financial reorganisation or the debt being restructured to reduce the burden on the borrower

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of estimated future cash flows discounted at that asset's original effective interest rate If an asset has a variable interest rate, the discount rate used for measuring the impairment loss is the current effective interest rate The calculation of the present value of the estimated future cash flows of a collateralised asset or group of assets reflects the cash flows that may result from foreclosure less the costs of obtaining and selling the collateral, whether or not foreclosure is probable

If there is no objective evidence of individual impairment, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment Future cash flows are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with similar credit risk characteristics Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the provision is adjusted and the amount of the reversal is recognised in the income statement

When a loan or advance is uncollectible, it is written off against the related provision once all the necessary procedures have been completed and the amount of the loss has been determined Subsequent recoveries of amounts previously written off are recognised in the income statement on a cash receipts basis

The method and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between the loss estimates and actual loss experience

Property, plant and equipment

Impairment of property, plant and equipment is assessed by comparing the net present value of the expected future cash flows with the carrying value Any impairment identified in this way is charged immediately to the income statement

1 5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of inception

1.6 Taxation, including deferred income taxes

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised The tax effect of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised

1 Accounting policies (continued)

Taxation, including deferred income taxes (continued)

Tax assets and liabilities are offset when they arise in the same tax reporting group and where there is a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

1 7 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid

2 Risk management policy

The Company's operations expose it to credit risk, liquidity 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 the intermediate parent, Lloyds TSB Asset Finance Division Limited, and the ultimate parent, Lloyds TSB Group plc The interest rate and liquidity risk faced by the Company is in substance managed by other group companies which fund the Company and credit risk is carefully monitored by Asset Finance Division credit committees and credit functions

2 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 instalment credit contracts is managed through the application of strict underwriting criteria, determined by the Lloyds TSB Asset Finance Division Limited credit committee and credit functions Significant credit exposures are measured and reported on a regular basis Impairment provisions are provided for losses that have been incurred at the balance sheet date

2 2 Interest rate risk

Interest rate risk is the risk of financial loss as a result of adverse movements in interest rates, and arises largely because of timing differences between the re-pricing of financial assets and liabilities

Through intercompany funding arrangements, the Company has effectively transferred its exposure to changes in interest rates to Lloyds TSB Group plc

2 3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due To manage this risk extensive borrowing facilities are available from within the Lloyds TSB Group

Liquidity risks are managed as part of the Lloyds TSB Group by the intermediate parent company, Lloyds TSB Bank plc, in consultation with the board of directors

3 Critical accounting estimates, and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although those estimates are based on management's best knowledge of the relevant amount, event or actions, actual results ultimately may differ from those estimates

Impairment of assets

The Company regularly reviews its finance lease portfolios to assess for impairment In determining whether an impairment has occurred, the Company considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows and their timings, such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on assets in the Company

The Group reviews the residual value of its operating lease assets on a quarterly basis by reference to independent market value data and the prevailing economic conditions Further details are given in note 1 4

4 Net interest income

	2007 £	2006 £
Interest income		
From finance lease contracts	**604,995**	1,096,399
Interest expense		
Group interest expense (see note 17)	**500,875**	801,636
Net interest income	**104,120**	294,763

The average effective interest rate in 2007 was 5 28% (2006 5 33%) for finance lease receivables

5 Other operating expenses

	2007 £	2006 £
Depreciation	**399,002**	577,368
Management charges (see note 17)	**92,400**	425,385
Impairment (gains)/losses on loans and advances	**(1)**	11,094
Loss on disposal of property, plant and equipment	**38,956**	19,985
	530,357	1,033,832

6 Profit/(loss) before tax

Auditors' remuneration of £2,000 (2006 £2,000) has been borne by a fellow subsidiary within the Lloyds TSB Asset Finance Division Limited sub group

7 Staff costs

The Company did not directly employ any persons during the year (2006 none) Accounting and administrative services were provided by Black Horse Limited, a fellow subsidiary undertaking

8 Directors' emoluments

No director received any fees or emoluments during the year (2006 £nil) The directors are employed by other companies within the Lloyds TSB Asset Finance Division Limited sub group Lloyds TSB Asset Finance Division Limited is the parent company of a sub group which comprises several trading companies engaged in a wide range of lending activities The directors' services to this Company are considered to be incidental to their other responsibilities within these organisations (see note 17)

9 Taxation

	2007 £	2006 £
a) Analysis of charge for the year		
UK corporation tax		
- current tax on profit/ (loss) for the year	**378,556**	569,739
- adjustments in respect of prior years	**-**	(13,181)
Current tax charge	**378,556**	556,558
Deferred tax (note 15)	**(403,413)**	(560,941)
	(24,857)	(4,383)

The charge for tax on the profit for the year is based on a corporation tax rate of 30% (2006 30%)

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 profit/ (loss) before tax to the tax charge for the year is given below

	2007 £	2006 £
Profit / (loss) before tax	**108,050**	(14,612)
Tax charge thereon at UK corporation tax rate of 30%	**32,415**	(4,383)
Factors affecting charge		
- impact of rate reduction in deferred tax rate to 28%	**(57,272)**	-
Tax on loss on ordinary activities	**(24,857)**	(4,383)
Effective tax rate	**23%**	30%

10 Other current assets

	2007 £	2006 £
Other debtors	**56,911**	83,889

11 Loans and advances to customers

	2007 £	Reclassified 2006 £
Gross loans and advances to customers	**8,878,238**	14,208,175
Less allowances for losses on loans and advances	**(11,487)**	(137,297)
Loans and advances to customers, net	**8,866,751**	14,070,878
of which		
due within one year	**4,157,166**	5,135,145
due after more than one year	**4,709,585**	8,935,733
	8,866,751	14,070,878

Loans and advances to customers include hire purchase and finance lease receivables

	2007 £	2006 £
Gross investment in hire purchase and finance lease contracts, receivable		
- no later than one year	**4,497,394**	5,779,460
- later than one year and no later than five years	**4,981,099**	9,576,084
- later than five years	**99,883**	227,143
	9,578,376	15,582,687
Unearned future finance income on hire purchase and finance lease contracts	**(700,138)**	(1,374,512)
Net investment in hire purchase and finance lease contracts	**8,878,238**	14,208,175

The net investment in hire purchase and finance lease contracts may be analysed as follows

	2007 £	2006 £
- no later than one year	**4,168,654**	5,272,442
- later than one year and no later than five years	**4,617,002**	8,730,257
- later than five years	**92,582**	205,476
	8,878,238	14,208,175

The Company provides a range of finance lease options in connection with the financing of motor vehicles and equipment The leases typically run for periods of between 3 and 15 years The credit balance of £270,397 in respect of customer advanced payments has been reclassified as other liabilities for 2006 to better reflect the nature of the balance

During 2007 and 2006, no contingent rentals in respect of finance leases were recognised in the income statement

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale The fair value (before impairment provisions) of loans and advances is estimated by discounting anticipated cash flows (including interest at contractual rates) at current market rates for similar loans offered by the Company and other financial institutions The aggregate fair value of loans and advances to customers is approximately £8,697,060 (2006 £13,974,016) before impairment

12 Property, plant and equipment

	£
Cost	
At 1 November 2005	4,096,682
Disposals	(23,820)
At 31 October 2006	4,072,862
Disposals	(272,100)
At 31 October 2007	3,800,762
Accumulated depreciation	
At 1 November 2005	2,481,529
Charge for the year	577,368
Disposals	(2,925)
At 31 October 2006	3,055,972
Charge for the year	399,002
Disposals	(221,704)
At 31 October 2007	3,233,270
Balance sheet amount at 31 October 2007	**567,492**
Balance sheet amount at 31 October 2006	1,016,890

Property, plant and equipment represent assets leased to customers under operating leases

At 31 October the future minimum rentals receivable under non cancellable operating leases were as follows

	2007 £	2006 £
Receivable within 1 year	**228,798**	424,125
Receivable between 1 and 5 years	**147,560**	178,206
	376,358	602,331

The Company's operating leases are typically for terms of 1 to 5 years

13 Borrowed funds

	2007 Due within one year £	2006 Due within one year £
Amounts due to group undertakings (see note 17)	**7,311,167**	12,486,433

Amounts due to group undertakings are unsecured and repayable on demand Amounts due to United Dominion Trust Limited and Lloyds UDT Limited are interest bearing Variable rates based on LIBOR were charged during the year All other balances are not interest bearing

14 Other current liabilities

	2007 £	Reclassified 2006 £
Other creditors	**630,340**	673,888

A credit balance of £270,397 has been reclassified as other current liabilities from loans and advances to customers in the 2006 comparatives to better reflect the nature of the transaction which is in effect, advanced payments from customers

15 Deferred tax

The movement in the net deferred tax liability is as follows

	2007 £	2006 £
At 1 November	**1,205,559**	1,766,500
Income statement credit	**(403,413)**	(560,941)
At 31 October	**802,146**	1,205,559

Approximately half of the deferred tax liabilities are expected to be settled within twelve months

The deferred tax credit in the income statement comprises the following temporary differences

	2007 £	2006 £
Accelerated capital allowances	**403,413**	560,941

Deferred tax and liabilities are comprised as follows

	2007 £	2006 £
Deferred tax liability		
- accelerated capital allowances	**802,146**	1,205,559

The deferred tax credit in the income statement and the liability both relate entirely to accelerated capital allowances in each year

With effect from 1 April 2008 profit will be charged to corporation tax at the rate of 28% (currently 30%) Accordingly, deferred tax has been provided at 28%

16 Share capital

	2007	2006
	£	£
Authorised, allotted, issued and fully paid		
1000 ordinary shares of £1 each	**2**	2

The immediate parent company is Black Horse Finance Holdings Limited

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member Lloyds TSB Bank plc is the parent undertaking of the smallest such group of undertakings Copies of both sets of accounts may be obtained from the Company Secretary's Department, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN

17 Related party transactions

The Company is controlled by Black Horse Finance Holdings Limited (incorporated in England and Wales), which owns 100% of the ordinary shares

A number of transactions are entered into with related parties in the normal course of business These include loans, interest and management charges A summary of the outstanding balances at the year end and related expense for the year are as follows

	Group and associated companies	
	2007	2006
	£	£
Amounts due to group undertakings (note 13)		
Black Horse Finance Holdings Ltd	**(1,159,363)**	(483,826)
United Dominions Trust Limited	**(145,577)**	(2,587,722)
Lloyds UDT Limited	**(5,469,296)**	(8,960,412)
Black Horse Limited	**(536,931)**	(454,473)
	(7,311,167)	(12,486,433)
Interest payable (note 4)		
United Dominions Trust Limited	**80,630**	181,151
Lloyds UDT Limited	**420,245**	620,485
	500,875	801,636
Management charge (note 5)		
Black Horse Limited	**92,400**	425,385

Key management personnel
Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company Accordingly, key management comprise the directors of the Company and the members of the Lloyds TSB Asset Finance Division board which comprises the statutory directors of that company and certain other senior management There were no transactions between the Company and key management personnel during the current or preceding year Key management personnel are employed by other companies within the Lloyds TSB Asset Finance Division Limited sub group and consider that their services to the Company are incidental to their activities within these groups

18 Contingent liabilities and commitments

There were no contracted capital commitments or contingencies at the balance sheet date (2006 £nil)

19 Post balance sheet events

There were no post balance sheet events requiring disclosure in these financial statements

20 Future IFRS developments

Details of standards and interpretations relevant to the Company, but not effective at 31 October 2007 and not applied in preparing these financial statements are set out below

Pronouncement	Nature of changes	Effective Date
IFRS 7 Financial Instruments Disclosures	Consolidates the current financial instruments disclosures into a single standard and requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments	Years beginning on or after 1 January 2007
Amendments to IAS 1 Presentation of financial statements Capital disclosures	Introduces additional disclosures of the objectives, policies and processes for managing capital, qualitative data about what the entity regards as capital, and compliance with capital requirements	Years beginning on or after 1 January 2007

These new standards will result in significant presentational changes but will have no impact on reported results or balances