

Lloyds Industrial Leasing Limited

Annual report and financial statements for the period ended 31 December 2022

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

01387402

Current directors

C G Dowsett
L F C Dorey
J R Turner

Company Secretary

Lloyds Secretaries Limited



Member of Lloyds Banking Group

Directors' report

For the 18 months to 31 December 2022

The Directors present their Annual report and audited financial statements of Lloyds Industrial Leasing Limited ("the Company") for the 18 months to 31 December 2022.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a Strategic report.

General information

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales (registered number: 01387402).

The Company is a wholly owned subsidiary of Lloyds Bank Leasing Limited and part of Lloyds Banking Group ("the Group").

The accounting reference date was changed from 30 June to 31 December during the year and has resulted in an 18 month period within these financial statements. As a result comparative periods for the Statement of comprehensive income are not entirely comparable.

Principal activity

The principal activity of the Company changed to the management of financial assets and liabilities following the sale of its final lease. Previously, the principal activity of the Company was the provision of fixed asset finance usually involving individual structured facilities.

Company performance

The results of the Company show a profit after taxation of £9,446,000 (12 months ended 30 June 2021: £16,947,000 loss) for the period as set out in the Statement of comprehensive income on page 4.

In August 2022, the Company's final short term charter of its leasing asset (a shipping vessel) terminated. Shortly after this termination in October 2022, the shipping vessel was sold to a third party buyer, realising a gain on disposal of £13,202,000 in the current year. The Company is reliant on funding from the Group and used the funds received on the sale of the shipping vessel to repay £11,500,000 of funding in the current period.

In the previous period the Company was still trading but generated a loss following a review of the expected life and value in use of the Company's shipping vessel asset, which resulted in an impairment charge of £16,780,000 being recognised.

The Company has a deficit of shareholders' equity of £9,370,000 (2021: £18,816,000).

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

Key performance indicators ("KPI"s)

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.

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 policies are contained within note 24 of the financial statements.

Other significant uncertainties are discussed in detail below.

Long term impact of the United Kingdom's exit from the European Union

Uncertainties in respect of the medium to long-term implications of the United Kingdom's ("UK") exit from the European Union ("EU") on trade, regulation and employment continue to present risks. This includes impacts on supply chains, affordability of goods and services and UK demographics and prosperity. The Directors believe that there will be limited impact on the Company.

Covid-19

The global pandemic created from the outbreak of Covid-19 continues to cause widespread disruption to global markets and normal patterns of business activity across the world, including in the UK. Measures taken to contain the health impacts of the Covid-19 pandemic are resulting in adverse impacts on economic activity across the world, and the duration for which such measures will remain in place is uncertain. The impact on the economy remains highly uncertain in both its depth and length, and may go beyond current forecasts of scale of loss of output and recession in the UK and globally. The Directors believe that there will be limited impact on the Company.

Russian invasion of Ukraine

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This has created significant adverse economic effects on financial markets and on energy costs, and has resulted in increased cyber attacks and an increase in costs associated with such cyber attacks, all of which could have a materially adverse effect on the Group's results of operations, financial condition or prospects. The Group will monitor the situation and risks to the business. The Directors believe that there will be limited impact on the Company.

Directors' report (continued)

For the 18 months to 31 December 2022

Future outlook

The Company is no longer trading following the sale of the Company's only leasing asset in October 2022 and the Directors have no intention of writing any new business. It is the intention of the Directors to initiate an orderly run down and place the Company into liquidation as soon as feasible.

Dividends

No dividends were paid or proposed during the period ended 31 December 2022 (2021: £nil).

Directors

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

The following change has taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

L F C Dorey	(appointed 13 January 2022)
G A Fox	(resigned 13 January 2022)

No Director had any interest in any material contract or arrangement with the Company during or after the end of the reporting period.

Directors' indemnities

Lloyds Banking Group plc ("LBG") has granted to the Directors of the Company a deed of indemnity which constitutes 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 or from the date of appointment in respect of the Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. 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.

Going concern

As described in the future outlook section, the Company is no longer trading, the Directors do not intend to write any new business, and the intention of the Directors is to place the Company into liquidation as soon as feasible, therefore the financial statements have been prepared on a basis 'other than going concern'.

On preparing the financial statements on an 'other than going concern' basis the Directors are of the opinion that the carrying value of assets would be no different than if the financial statements were prepared on a 'going concern' basis.

Events after the reporting date

There are no material events after the reporting date that requiring disclosure in these financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 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. 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.

Directors' report (continued)

For the period ended 31 December 2022

Statement of disclosure of information to auditor

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:

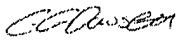
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

Independent auditor

Pursuant to section 487(2) of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be re-appointed for the next financial year.

Deloitte LLP have expressed their willingness to continue in office and therefore will be deemed to be re-appointed.

Approved by the Board and signed on its behalf by



C G Dowsett
Director
30.08.2023

Statement of comprehensive income
For the 18 months to 31 December 2022

	Note	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Operating lease income	4	4,802	5,275
Depreciation of Property, plant and equipment	14	-	(2,038)
Finance costs	5	(276)	(11)
Net operating income		4,526	3,226
Gain on sale of Property, plant and equipment	6	13,202	-
Administration expenses	7	(6,633)	(7,074)
Foreign exchange gains/(losses)		893	(94)
Impairment charge of Property, plant and equipment	8	-	(16,780)
Provision credit/(charge)	20	200	(200)
Profit/(loss) before tax	9	12,188	(20,922)
Taxation	10	(2,742)	3,975
Profit/(loss) after tax		9,446	(16,947)

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

Balance sheet

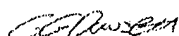
As at 31 December 2022

	Note	31 December 2022 £'000	30 June 2021 £'000
ASSETS			
Cash and cash equivalents	11	625	-
Amounts due from group undertakings	12	305	1,022
Trade and other receivables	13	2,300	337
Property, plant and equipment	14	-	7,169
Deferred tax assets	15	-	1,473
Total assets		3,230	10,001
LIABILITIES			
Bank overdraft	16	-	5,630
Borrowed funds	17	11,000	22,500
Amounts due to group undertakings	18	1,311	-
Trade and other payables	19	289	487
Provisions for liabilities and charges	20	-	200
Total liabilities		12,600	28,817
EQUITY			
Share capital	21	100	100
Accumulated losses		(9,470)	(18,916)
Total equity		(9,370)	(18,816)
Total equity and liabilities		3,230	10,001

The Balance sheet has been arranged in order of liquidity.

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
30.08.2023

Statement of changes in equity

For the 18 months to 31 December 2022

	Share capital £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 July 2020	100	(1,969)	(1,869)
Comprehensive expense Loss for the year	-	(16,947)	(16,947)
Total comprehensive expense	-	(16,947)	(16,947)
Balance at 30 June 2021	100	(18,916)	(18,816)
Comprehensive income Profit for the period	-	9,446	9,446
Total comprehensive income	-	9,446	9,446
Balance at 31 December 2022	100	(9,470)	(9,370)

Total comprehensive income for the period was wholly attributable to the owners of the Company.

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

Cash flow statement

For the 18 months to 31 December 2022

	Note	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Profit/(loss) before tax		12,188	(20,922)
Adjustments for:			
- Depreciation of Property, plant and equipment	14	-	2,038
- (Gain)/loss on disposal of Property, plant and equipment	14	(11,169)	-
- Movement in impairment of Property, plant and equipment	14	-	16,780
- Movement in Provisions for liabilities and charges	20	(200)	200
Operating cashflows before movement in working capital		819	(2,104)
Increase in Amounts due from group undertakings	12	(305)	-
(Increase)/decrease in Trade and other receivables	13	(1,963)	1,193
Increase in Amounts due to group undertakings	18	42	-
(Decrease)/increase in Trade and other payables	1	(198)	485
	9		
Cash used in operations		(1,605)	(426)
Tax received	1	1,022	485
	2		
Net cash (used in)/generated from operating activities		(583)	59
Investing activities			
Proceeds on disposal of Property, plant and equipment		18,338	-
Net cash generated from investing activities		18,338	-
Financing activities			
Decrease in Bank borrowings	17	(11,500)	(3,426)
Net cash used in financing activities		(11,500)	(3,426)
Net increase/(decrease) in Cash and cash equivalents		6,255	(3,367)
Cash and cash equivalents at beginning of period		(5,830)	(2,463)
Cash and cash equivalents at end of period		425	(5,830)
Cash and cash equivalents comprise			
Cash at bank	10	625	-
Bank overdraft	16	-	(5,830)
Cash and cash equivalents		625	(5,830)

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

Notes to the financial statements

For the 18 months to 31 December 2022

1 Basis of preparation

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial information has been prepared under the historical cost convention.

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

No new IFRS pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2022 and which have not been applied in preparing these financial statements are given in note 27. No standards have been early adopted.

The Company is no longer trading, the Directors do not intend to write any new business, and the intention of the Directors is to place the Company into liquidation as soon as feasible, therefore the financial statements have been prepared on a basis 'other than going concern'.

On preparing the financial statements on an 'other than going concern' basis the Directors are of the opinion that the carrying value of assets would be no different than if the financial statements were prepared on a 'going concern' basis.

2 Accounting policies

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

2. Income and expense recognition

1

Income and expense from financial instruments

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Operating lease income

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

Finance costs

Interest expense for all interest bearing financial instruments is recognised in the Statement of comprehensive income as it accrues, within finance costs.

Lease classification

2.

2

Lease agreements are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee; all other leases are classified as operating leases.

Operating leases

Operating lease assets are included within Property, plant and equipment at cost and depreciated over their estimated useful lives, which equates to the lives of the leases, after taking into account anticipated residual values.

Property, plant and equipment

2.

3

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:

Shipping vessel	1 year
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The asset leased by the Company is a shipping vessel. The asset's 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.

Notes to the financial statements

For the 18 months to 31 December 2022

2 Accounting policies (continued)

2. Financial assets and liabilities

4

Financial assets comprise Cash and cash equivalents, Amounts due from group undertakings and Trade and other receivables. Financial liabilities comprise Bank overdraft, Bank borrowings, Amounts due to group undertakings and Trade and other payables.

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.

Financial liabilities are measured at amortised cost, except for trading liabilities and other financial liabilities designated at fair value through profit and loss on initial recognition which are held at fair value.

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.

Impairment of assets held under operating leases

2.

5

Impairment of Property, plant and equipment leased to customers under operating leases is assessed by comparing the net present value of the expected future cash flows with the assets carrying value. Any impairment identified in this way is charged immediately to the Statement of comprehensive income.

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, the residual value of the related asset is adjusted and the amount of the reversal is recognised in the Statement of comprehensive income.

Cash and cash equivalents

2.

6

Cash and cash equivalents comprise Cash at bank, Bank overdraft, Term deposits with an original maturity less than 3 months and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Taxation

2.

7

Tax expense comprises current and deferred tax. Current and deferred tax are 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.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs ("HMRC") or other 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.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the Balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes to the financial statements

For the 18 months to 31 December 2022

2 Accounting policies (continued)

2.7 Taxation

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

2.8 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.

Transactions in currencies other than the Company's functional currency are recorded at the average rate of exchange for the financial period. At the Balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the Balance sheet date. Translation differences are recorded within the Statement of comprehensive income as Foreign exchange gains/(losses).

2.9 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.

2.10 Dividends

Dividends on ordinary shares are recognised as a reduction in equity in the period in which they are paid.

Critical accounting judgements and key sources of estimation uncertainty

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 these financial statements, no critical judgements nor have any critical accounting estimates been made in the process of applying the company's accounting policies.

3 Operating lease income

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Operating lease income	4,802	5,275

There were no lease rentals receivable during the period, or prior period that were contingent on events other than the terms of the lease, SONIA rates, or UK corporation tax rates.

Notes to the financial statements

For the 18 months to 31 December 2022

4 Finance costs

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Interest expense on Bank borrowings	276	11

5 Gain on sale of Property, plant and equipment

	2022 £'000	2021 £'000
Gain on sale of Property, plant and equipment	13,202	-
	13,202	-

Gain on sale relates to the sale of its final shipping vessel.

6 Administration expenses

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Management fees	5,513	4,319
Professional fees and other related expenses	185	20
Other operating expenses	935	2,735
	6,633	7,074

7 Impairment charge of Property, plant and equipment

In the prior year an impairment charge was recognised to write down the carrying value of the Company's underlying ship asset within Property, plant and equipment, to its scrap value plus estimated net future income.

Profit/(loss) before tax

Fees payable to the Company's auditors for the audit of the financial statements of £6,600 (2021: £6,300) have been borne by the ultimate parent Company and are not recharged to the Company.

The Company does not have any employees for either period. All personnel who perform services on behalf of the Company are employed and remunerated by other group companies and none of these costs are recharged to the Company.

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.

Notes to the financial statements

For the 18 months to 31 December 2022

8 Taxation

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
a) Analysis of (charge)/credit for the period		
UK corporation tax:		
- Current tax (payable)/receivable on taxable profit/(loss) for the period	(1,269)	1,022
Current tax (charge)/credit	(1,269)	1,022
UK deferred tax:		
- Origination and reversal of timing differences	(1,473)	2,953
Deferred tax (charge)/credit (note 15)	(1,473)	2,953
Tax (charge)/credit	(2,742)	3,975

Corporation tax is calculated at a rate of 19% (2021: 19%) of the taxable profit for the period.

b) Factors affecting the tax (charge)/credit for the period

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

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Profit/(loss) before tax	12,188	(20,922)
Tax (charge)/credit thereon at UK corporation tax rate of 19% (2021: 19%)	(2,316)	3,975
Factors affecting charge:		
- Disallowed and non-taxable items	(426)	-
Tax (charge)/credit	(2,742)	3,975
Effective rate	22.49%	19.00%

9 Cash and cash equivalents

	31 December 2022 £'000	30 June 2021 £'000
Cash at bank	625	-
Analysed as:	£'000	£'000
Due within one year	625	-

Cash at bank is non-interest bearing and unsecured (note 22).

Notes to the financial statements

For the 18 months to 31 December 2022

10 Amounts due from group undertakings

	31 December 2022 £'000	30 June 2021 £'000
Amounts due from fellow group undertaking	305	-
Taxation receivable	-	1,022
	305	1,022
Analysed as:	£'000	£'000
Due within one year	305	1,022

All balances within Amounts due from group undertakings are non-interest bearing and unsecured (note 22).

11 Trade and other receivables

	31 December 2022 £'000	30 June 2021 £'000
Accrued income	2,160	-
Prepayments	121	337
VAT recoverable	19	-
	2,300	337
Analysed as:	£'000	£'000
Due within one year	2,300	337

All balances within Trade and other receivables are non-interest bearing and unsecured.

12 Property, plant and equipment

	Shipping Vessel £'000	Total £'000
Cost:		
At 1 July 2020 and 30 June 2021	30,573	30,573
Disposals	(30,573)	(30,573)
At 31 December 2022	-	-
Accumulated depreciation:		
At 1 July 2020	(4,586)	(4,586)
Charge for the year	(2,038)	(2,038)
At 30 June 2021	(6,624)	(6,624)
Charge for the period	-	-
Disposals	6,624	6,624
At 31 December 2022	-	-

Notes to the financial statements

For the 18 months to 31 December 2022

14 Property, plant and equipment (continued)

	Shipping Vessel £'000	Total £'000
Impairment:		
At 1 July 2020	-	-
Charge for the year	(16,780)	(16,780)
At 30 June 2021	(16,780)	(16,780)
Credit for the period	-	-
Disposals	16,780	16,780
At 31 December 2022	-	-
Net book value at 30 June 2021	7,169	7,169
Net book value at 31 December 2022	-	-

15 Deferred tax asset

The movement in the deferred tax asset is as follows:

	31 December 2022 £'000	30 June 2021 £'000
At 1 July 2021 and 1 July 2020	1,473	(1,480)
Deferred tax (charge)/credit for the period	(1,473)	2,953
At 31 December 2022 and 30 June 2021	-	1,473

The deferred tax (charge)/credit in the Statement of comprehensive income comprises the following temporary differences:

	18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Accelerated capital allowances	(1,473)	2,953
Deferred tax (charge)/credit	(1,473)	2,953

Deferred tax asset comprises:

	31 December 2022 £'000	30 June 2021 £'000
Accelerated capital allowances	-	1,473
Deferred tax asset	-	1,473

Finance Act 2021, which received Royal Assent on 10 June 2021, increases the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

Notes to the financial statements

For the 18 months to 31 December 2022

16 Bank overdraft

	31 December 2022 £'000	30 June 2021 £'000
Bank overdraft	-	5,630
Analysed as:	£'000	£'000
Due within one year	-	5,630

Bank overdraft is interest bearing and unsecured (note 22).

17 Borrowed funds

	31 December 2022 £'000	30 June 2021 £'000
Bank borrowings	11,000	22,500
Analysed as:	£'000	£'000
Due within one year	11,000	22,500

Bank borrowings are interest bearing and unsecured (note 22).

18 Amounts due to group undertakings

	31 December 2022 £'000	30 June 2021 £'000
Interest payable	42	-
Current tax payable	1,269	-
	1,311	-
Analysed as:	£'000	£'000
Due within one year	1,311	-

All balances within Amounts due to group undertakings are non-interest bearing and unsecured (note 22).

19 Trade and other payables

	31 December 2022 £'000	30 June 2021 £'000
Other payables	289	487
Analysed as:	£'000	£'000
Due within one year	289	487

All balances within Trade and other payables are non-interest bearing and unsecured.

Notes to the financial statements

For the 18 months to 31 December 2022

20 Provisions for liabilities and charges

	31 December 2022 £'000	30 June 2021 £'000
At 1 July 2021 and 1 July 2020 (Credit)/charge for the period	200 (200)	- 200
At 31 December 2022 and 30 June 2021	-	200

In the prior period the Company had recognised an onerous lease provision to provide for expected losses for operating its shipping vessel over the course of its remaining useful life. Following the disposal of the Company's shipping vessel in the current period this provision was fully released back to the Statement of comprehensive income.

21 Share capital

	31 December 2022 £'000	30 June 2021 £'000
Authorised: 100,000 ordinary shares of £1 each	100	100
Issued and fully paid: At 1 July, 31 December and 30 June 100,000 ordinary shares of £1 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income.

22 Related party transactions

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 period end and the related income and expense for the period are set out below.

Cash and cash equivalents			31 December 2022 £'000	30 June 2021 £'000
Nature of transaction	Related party	Interest rate		
Cash at bank (note 11)	Lloyds Bank plc	N/A	625	-

Amounts due from group undertakings			31 December 2022 £'000	30 June 2021 £'000
Nature of transaction	Related party	Interest rate		
Amounts due from fellow group undertaking	Lloyds Bank plc	N/A	305	-
Taxation receivable	Bank of Scotland plc	N/A	-	1,022
Total Amounts due from group undertakings (note 12)			305	1,022

Borrowed funds			31 December 2022 £'000	30 June 2021 £'000
Nature of transaction	Related party	Interest rate		
Bank overdraft (note 16)	Lloyds Bank plc	N/A	-	5,630

Notes to the financial statements

For the 18 months to 31 December 2022

22 Related party transactions (continued)

			31 December 2022 £'000	30 June 2021 £'000
Borrowed funds				
Nature of transaction	Related party	Interest rate		
Bank borrowings (note 17)	Lloyds Bank plc	0.04% to 3.21%	11,000	22,500
<hr/>				
			31 December 2022 £'000	30 June 2021 £'000
Amounts due to group undertakings				
Nature of transaction	Related party	Interest rate		
Interest payable	Lloyds Bank plc	N/A	42	-
Taxation payable	Bank of Scotland plc	N/A	1,269	-
<hr/>				
Total Amounts due to group undertakings (note 18)			1,311	-
<hr/>				
			18 months to 31 December 2022 £'000	Year ended 30 June 2021 £'000
Finance costs				
Nature of transaction	Related party			
Interest payable on Bank borrowings	Lloyds Bank plc		276	11
<hr/>				
Total Finance costs (note 5)			276	11

There were no credit losses or bad debt expenses relating to the above balances incurred during the current period or prior year.

The Bank overdraft facility is renewed on an annual basis.

Interest payable on Bank borrowings charged to the Statement of comprehensive income during the period were incurred at interest rates between 0.04% and 3.21% (2021: 0.04% and 0.09%).

The Company received tax of £1,022,000 (2021: £485,000) during the period from a fellow subsidiary undertaking.

The registered office of related parties are noted below:

Nature of transaction	Related party	Registered address
Lloyds Banking Group plc	Ultimate parent company	The Mound, Edinburgh, EH1 1YZ
Lloyds Bank plc	Intermediate parent company	25 Gresham Street, London, EC2V 7HN
Lloyds Bank Leasing Limited	Immediate parent company	25 Gresham Street, London, EC2V 7HN
Bank of Scotland plc	Fellow group company	The Mound, Edinburgh, EH1 1YZ

23 Ultimate parent undertaking and controlling party

The Company's immediate parent company is Lloyds Bank Leasing Limited. 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 financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com/investors/financial-downloads.html.

Notes to the financial statements

For the 18 months to 31 December 2022

24 Financial risk management

The Company's operations expose it to credit risk, liquidity risk and market risk (including: interest rate risk and 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.

24.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Maximum credit exposure

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below and equates to carrying value.

	31 December 2022 £'000	30 June 2021 £'000
Cash and cash equivalents	625	-
Amounts due from group undertakings	305	1,022
	930	1,022

The credit risk associated with Cash and cash equivalents and Amounts due from group undertakings is not considered significant as these are held with other companies within the Group.

24.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and Group credit facilities by continuously monitoring forecast and actual cash flows, and by matching maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest repayment date on which the Company can be required to pay.

At 31 December 2022						
	On demand £'000	< 1 month £'000	1-3 months £'000	3-12 months £'000	> 1 year £'000	Total £'000
Bank overdraft	-	-	-	-	-	-
Bank borrowings	-	11,000	-	-	-	11,000
Interest payable on Bank borrowings	-	42	-	-	-	42
Taxation payable	1,269	-	-	-	-	1,269
Trade and other payables	-	289	-	-	-	289
Provision for liabilities	-	-	-	-	-	-
	1,269	11,331	-	-	-	12,600
At 30 June 2021						
	On demand £'000	< 1 month £'000	1-3 months £'000	3-12 months £'000	> 1 year £'000	Total £'000
Bank overdraft	5,630	-	-	-	-	5,630
Bank borrowings	-	22,500	-	-	-	22,500
Interest payable on Bank borrowings	-	-	-	-	-	-
Taxation payable	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Provision for liabilities	-	-	-	200	-	200
	5,630	22,500	-	200	-	28,330

Notes to the financial statements

For the 18 months to 31 December 2022

24 Financial risk management

24.3 Market risk

Market risk is the risk of financial loss from changes in market prices of financial assets and liabilities, typically from changes and volatility in interest rates (note 24.4) and foreign exchange rates (note 24.5).

24.4 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.

The Company is exposed to variable rates on its Bank borrowings. At the Balance sheet date, if interest rates had fluctuated by +/- 25 basis points, Finance income would have increased or decreased by £nil (2021: £nil) and Finance costs increased or decreased by £28,000 (2021: £56,000).

24.5 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 arise due to the majority of the transactions being denominated in US dollars.

At the Balance sheet date, if the currency had fluctuated by +/- 25 basis points against the US dollar, with all other variables held constant, post tax profit would have increased or decreased by £4,000 (2021: £5,000) primarily due to both lease rentals received and operating costs incurred being paid in US dollars.

Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date.

Valuation of financial assets and liabilities

The valuations of financial instruments have been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1 portfolios

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 predominantly comprise equity shares, treasury bills and government securities.

Level 2 portfolios

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 portfolios

Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments are valued using various valuation techniques that require significant management judgment in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

Financial assets and liabilities carried at amortised cost

Cash and cash equivalents, Amounts due from group undertakings, Amounts due to group undertakings and Trade and other payables are all held at amortised cost.

The fair value of the Company's finance lease receivables is considered to be level 2 in the valuation hierarchy as the fair value is derived from a present value cash flow model of expected cash flows from the lease using current market interest rates and margin for the risks inherent in the lease.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value of all other financial assets and liabilities, due to their short term nature.

Notes to the financial statements

For the 18 months to 31 December 2022

24 Financial risk management (continued)

24.6 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to run down the Company in an orderly manner, 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 parent can also request the Company to pay dividends or make a capital contribution in order to maintain or adjust the Group's capital structure.

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

25 Post balance sheet events

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

26 Contingent liability

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 its interpretation of the UK rules means that the group relief is not available. In 2020, HMRC concluded their enquiry into the matter and issued a closure notice. The Group's interpretation of the rules has not changed and, following an appeal to the First Tier Tax Tribunal, a hearing was held in May 2023 with judgement awaited. If the final determination of the matter by the judicial process is that HMRC's position is correct, management estimate that this would result in an increase in current tax liabilities for the company of approximately £278,000 (including interest). The Group, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.

27 Future developments

The following pronouncement is not applicable for the period ending 31 December 2022 and has not been applied in preparing these financial statements. Save as disclosed below, the impact of this accounting change 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 31 December 2022 this pronouncement has been endorsed for use in the United Kingdom.

Minor amendments to other accounting standards

The IASB has issued a number of minor amendments to IFRSs effective 1 January 2023 and in later years (including IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors).

This amendment is not expected to have a significant impact on the Company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS INDUSTRIAL LEASING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Lloyds Industrial Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the 18-month period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Financial statement prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS INDUSTRIAL LEASING LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS INDUSTRIAL LEASING LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS INDUSTRIAL LEASING LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Cowley CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 August 2023