

Scottish Business Finance Limited

Registered number SC29917

Report and Accounts 31 December 2007



Company information

Directors

Directors	T M Blackwell R N McIntyre
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Secretary	David Jarvis
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Scottish Business Finance Limited is a limited company registered in Scotland No SC29917 and is both incorporated and domiciled in Scotland

Registered office

2 Atlantic Quay
Robertson Street
Glasgow
G2 8JD

Directors' report

For the year ended 31 December 2007

Business review and principal activities

Scottish Business Finance Limited ("the Company") ceased to write new business in 2001. In 2006 the remaining loan book was transferred to Black Horse Finance Holdings Limited, the Company's parent. Until the date of transfer, the principal activity of Scottish Business Finance ("the Company") was the provision of instalment finance and leasing.

The Company received no income and incurred no expense, and consequently made neither a profit nor a loss in either 2006 or 2007.

Future outlook

The Company is expected to be dormant as the directors have no plans to write any new business.

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 ("the Division") 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')

As the Company is no longer trading, no analysis using KPIs is presented.

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 0150 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 trade suppliers as at 31 December 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 dividend was paid in the year ended 31 December 2007 (2006: £nil).

Directors

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

The following changes took place during the year:

T M Blackwell	(appointed 28 September 2007)
D K Potts	(resigned 28 September 2007)

Directors' report

For the year ended 31 December 2007

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,

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

By order of the Board



T M Blackwell
Director

15th July 2008

Report of the independent auditors to the members of Scottish Business Finance Limited

We have audited the financial statements of Scottish Business Finance Limited for the year ended 31 December 2007 which comprise the balance sheet, 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 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 December 2007 and of its result 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
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

18 July 2008

Balance sheet

At 31 December 2007

	Note	2007 £	2006 £
ASSETS			
Other current assets	7	1,090,069	1,089,769
Current tax assets			300
Total assets		1,090,069	1,090,069
EQUITY			
Share capital	9	550,327	550,327
Retained profits		536,826	536,826
Share premium		2,916	2,916
Total equity		1,090,069	1,090,069

The notes on pages 7 to 10 are an integral part of these financial statements

The financial statements on pages 5 to 10 were approved by the Board of Directors and were signed on its behalf by



T M Blackwell
Director

15th July 2008

Cash flow statement

For the year ended 31 December 2007

	2007 £	2006 £
Cash flows from operating activities		
Changes in operating assets and liabilities		
net decrease in loans and advances to customers		2,718
Cash generated from operations		2,718
Taxes received / (paid) via group relief	300	(19,638)
Net cash from/ (used in) operating activities	300	(16,920)
Cash flows from financing activities		
(Increase in)/repayment of net amounts due from other group companies	(300)	16,920
Net cash flows (used in)/from financing activities	(300)	16,920
Net 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 7 to 10 are an integral part of these financial statements

Notes to the financial statements

31 December 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. Scottish Business Finance 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 (IFRS) as adopted by the European Union.

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

The following IFRS pronouncements relevant to the Company have been adopted in these financial statements:

i) IFRS 7 Financial Instruments Disclosures. This standard, which was effective from 1 January 2007, requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments. As a disclosure standard, the application of this new standard has not had any impact on amounts recognised in the financial statements. IFRS 7 supersedes IAS 30 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions' and the disclosure requirements previously contained in IAS 32 'Financial Instruments Presentation'. The IFRS 7 disclosures are set out in notes 2.

ii) Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures'. This standard, which was effective from 1 January 2007, requires additional disclosures of the objectives, policies and processes for managing capital. These new capital disclosures are set out in note 12.

The Company received no income and incurred no expense during the years ended 31 December 2007 and 2006, accordingly, neither an income statement nor a statement of changes in equity has been presented.

1.2 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 balance sheet date.

2 Risk management policy

Following the transfer of all third party lending to Black Horse Limited during 2006, the Company's operations do not expose it to any significant risk. Interest rate risk and credit risk are not significant as its assets are all intra group and the Company does not have any borrowings. The Company is not exposed to any 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.

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 amount, event or actions, actual results ultimately may differ from those estimates.

There are no significant estimates or judgements that have been used in the preparation of the financial statements.

4 Staff costs and audit fees

The Company did not directly employ any person during the year (2006: none). Accounting and administration services are provided by a fellow subsidiary undertaking. Auditors' remuneration for the year ended 31 December 2007 of £2,000 (2006: £2,000) has been borne by a fellow subsidiary.

Notes to the financial statements

31 December 2007

5. 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 the Company are considered to be incidental to their other responsibilities within this sub group (see note 10)

6. Taxation

	2007 £	2006 £
a) Analysis of credit for the year		
UK corporation tax		
current tax on profits for the year	-	(300)
Current tax credit	-	(300)
Deferred tax (see note 8)		300

There is no difference between the tax charge and that which would arise from applying the standard UK corporate tax rate (30% for 2007 and 2006) to profit before tax for the year

7. Other current assets

	2007 £	2006 £
Amounts owed by group undertakings (see note 10)	1,090,069	1,089,769

Amounts due from group undertakings are unsecured All financial assets are with group companies, are technically repayable on demand and are not subject to interest

8 Deferred tax

The movement in the net deferred tax asset balance is as follows

	2007 £	2006 £
At 1 January	-	300
Income statement charge		(300)
At 31 December		

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

	2007 £	2006 £
Accelerated capital allowances		(300)

Notes to the financial statements

31 December 2007

9. Share capital

	2007 £	2006 £
Authorised		
22,083,875 "A" preferred shares of 1p each	220,839	220,839
2,116,645 Ordinary shares of 25p each	529,161	529,161
	750,000	750,000
Issued, called up and fully paid:		
2,116,645 "A" preference shares of 1p each	21,166	21,166
2,116,645 Ordinary shares of 25p each	529,161	529,161
	550,327	550,327

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, 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 Office, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN.

The preference share capital is irredeemable and entitles the preference shareholder to half of the distributable profits in the year.

10 Related party transactions

The Company is controlled by Black Horse Finance Holdings Limited (incorporated in England and Wales). The ultimate parent of the Company is Lloyds TSB Group plc (incorporated in Scotland).

A number of transactions are entered into with related parties in the normal course of business. These include loan transactions. The outstanding balances at the year end are as follows:

	Group and associated companies	
	2007 £	2006 £
Outstanding at 31 December		
Due from Black Horse Finance Holdings Limited	1,090,069	1,089,769

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 other activities within that sub group.

11. Contingent liabilities and commitments

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

Notes to the financial statements

31 December 2007

12. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders 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 advises the board of directors to consider making 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 board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets

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