

CTL Limited
Registered number 645093

Report and Accounts 2005

Member of Lloyds TSB Group



Contents

Company information	2
Directors' report	3
Report of the independent auditors	5
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10

Company information

Directors

Directors	JL Davies MP Kilbee DK Potts
-----------	------------------------------------

Secretary	D A Saunders
-----------	--------------

CTL Limited is a limited Company registered in England No: 645093 and is both incorporated and domiciled in England.

Registered office

25 Gresham Street
London
EC2V 7HN

Directors' report

For the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of CTL Limited (the "Company") is the provision of financial services. The Company has ceased to write new business and the level of interest income will reduce accordingly, as the loan book runs down.

Review of business and future developments

The business has performed in line with expectations during the period. There are no expected changes in the nature and extent of the Company's operations.

Financial risk management

Responsibility for the control of overall risk within the Company lies with the board of directors. See note 2.

Dividends

No dividend was declared in 2005. A final dividend of £39,357 was declared in 2004 and paid in 2005 (2004: £33,563).

Directors and their interests

The names of the current directors are shown on page 2.

J L Davies and D K Potts are also directors of Lloyds TSB Asset Finance Division Limited, and their interests in the capital of Lloyds TSB Group plc and its subsidiaries are set out in the accounts of that company.

The interest of the other director in the capital of Lloyds TSB Group and its subsidiaries was:

	At 31 December 2005		Options granted during year	Options lapsed during year	At 1 January 2005	
	Shares	Options			Shares	Options
MP Kilbee	35,446	73,869	15,199	-	34,211	58,670

Directors' report

For the year ended 31 December 2005

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.

Policy and practice on payment of creditors

The Company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from The DTI Publications Order Line 0845 015 0010 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 creditors as at 31 December 2005, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2004: nil).

By order of the Board


Deborah Saunders
Company Secretary

20 April 2006

Report of the independent auditors to the members of CTL Limited

We have audited the financial statements of CTL Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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 Annual Report and 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider its 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 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

24 Oct 2006

Income statement

Income statement for the year ended 31 December 2005

	Note	2005 £	2004 £
Interest income	4	43,439	77,080
Other operating expense	5	(3,747)	(20,857)
Operating profit		39,692	56,223
Taxation	9	(11,906)	(16,867)
Profit for the year attributable to equity shareholders		27,786	39,356

All operations are continuing.

The notes on pages 10 to 19 are an integral part of these financial statements.

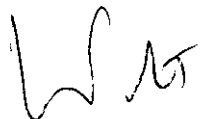
Balance sheet

Balance sheet at 31 December 2005

	Note	2005 £	2004 £
ASSETS			
Loans and advances to customers	10	-	58,422
Other current assets	11	375,237	329,112
Deferred tax assets	14	90,404	131,273
Current tax assets		29,470	-
Total assets		495,111	518,807
LIABILITIES			
Borrowed funds	12	158,102	-
Other current liabilities	13	-	10,941
Current tax liabilities		-	158,102
Total liabilities		158,102	169,043
EQUITY			
Share capital	15	275,000	275,000
Retained profits		9,269	22,024
Share Premium		52,740	52,740
Total equity		337,009	349,764
Total equity and liabilities		495,111	518,807

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 6 to 19 were approved by the Board of Directors and signed on its behalf by:



20 October 2006

Statement of changes in equity

31 December 2005

	Share capital £	Share Premium £	Retained profits £	Total £
Previously reported balance at 1 January 2004	275,000	52,740	4,250	331,990
Prior year adjustment – IFRS adoption	-	-	11,981	11,981
Adjusted balance at 1 January 2004	275,000	52,740	16,231	343,971
Profit for the year	-	-	39,356	39,356
	275,000	52,740	55,587	383,327
Dividend paid in 2004	-	-	(33,563)	(33,563)
At 31 December 2004	275,000	52,740	22,024	349,764
Adjustment on transition to IAS 32/39	-	-	(1,184)	(1,184)
Adjusted balance at 1 January 2005	275,000	52,740	20,840	348,580
Profit for the year	-	-	27,786	27,786
	275,000	52,740	48,626	376,366
Dividend paid in 2005	-	-	(39,357)	(39,357)
At 31 December 2005	275,000	52,740	9,269	337,009

The notes on pages 10 to 19 are an integral part of these financial statements.

Cash flow statement

Cash flow statement for the year ended 31 December 2005

	2005 £	2004 £
Cash flows from operating activities		
Profit before tax	39,692	56,223
Changes in operating assets and liabilities:		
- net decrease in loans and advances to customers	56,731	360,620
- net increase in other assets	(46,125)	(327,289)
- net decrease in other liabilities	(10,941)	(44,623)
	<hr/>	<hr/>
Cash generated from operations	39,357	44,931
Taxes paid via group relief	(158,102)	(11,368)
	<hr/>	<hr/>
Net cash from operating activities	(118,745)	33,563
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from borrowed funds	158,102	-
Dividends paid	(39,357)	(33,563)
	<hr/>	<hr/>
Net cash outflow from financing activities	118,745	(33,563)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at end of year	-	-
	<hr/>	<hr/>

The notes on pages 10 to 19 are an integral part of these financial statements.

Notes to the financial statements

31 December 2005

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The Company's ultimate parent Company adopted International Financial Reporting Standards ("IFRS") as adopted by the European Union in its financial statements for the year ended 31 December 2005. The Company has also adopted IFRS in the preparation of these financial statements for the year ended 31 December 2005. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The rules for first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. On 1 January 2004, the date of transition, the opening IFRS balance sheet position has been determined in accordance with IFRS 1 which requires IFRS accounting policies to be applied on a retrospective basis with certain exceptions and exemptions detailed below.

Mandatory exception	Impact
Estimates	The Company's estimates at the date of transition are consistent with those under UK GAAP.
Voluntary exemption	
Comparatives for financial instruments and designation of financial assets	The Company has chosen not to restate comparatives for IAS 32 and IAS 39, but to reflect the impact of these standards through adjustments to shareholders' equity as at 1 January 2005. The Company has applied UK GAAP to financial instruments for its 2004 comparatives.

The disclosures required by IFRS1 concerning the transition from UK GAAP to IFRS are given in note 18. The effects of the changes in accounting policy due to conversion to IFRS are disclosed in the Statement of Changes in Equity.

1.2 Income recognition

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 interest income or interest expense. The effective interest rate is the rate that exactly 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.

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 and, where relevant, early settlement fees as well as direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

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 using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

1.3 Fee and commission income and expense

Fees and commissions which are not an integral part of the effective interest rate such as commission associated with the sale of insurance underwritten by a third party are generally recognised on an accruals basis when the service has been provided.

Notes to the financial statements

31 December 2005

1.4 Financial assets

The majority of the Company's financial assets are amounts owed by group undertakings with some amounts relating to loans and advances to customers at initial recognition.

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and advances to customers are accounted for at amortised cost using the effective interest method. Loans and advances are initially recognised when cash is advanced to the borrowers at fair value inclusive of transaction costs. Loans and advances are derecognised when the rights to receive cash flows from them have expired or where the Group has transferred substantially all risks and rewards of ownership.

1.5 Impairment of financial assets

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 financial asset or group of financial assets has become impaired. 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.

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.

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 decrease the amount of impairment losses in the income statement.

1.6 Leases

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.

When assets are held subject to a finance lease or hire purchase contract, the present value of the lease payments is recognised as a receivable within loans and advances to customers. Finance lease income, comprising interest together with non-contingent contractual fees, is recognised over the term of the lease using the effective interest rate method (before tax), reflecting a constant periodic rate of return.

1.7 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 acquisition.

Notes to the financial statements

31 December 2005

1.8 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.

Deferred and current 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.

1.9 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, Black Horse Group Limited, and the ultimate parent, Lloyds TSB Group plc. The interest rate and liquidity risk faced by the Company is in substance managed and borne 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. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

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.

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.

Impairment on assets accounted for at amortised cost

The Company regularly reviews its loan 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 methodology used to calculate the required impairment provisions are calculated collectively using formulae which take into account factors such as the length of time that the customer's account has been delinquent, historical loss rates and the value of any collateral held in order to determine expected future cash flows. The variables used in the formulae are kept under regular review to ensure that as far as possible they reflect the current economic circumstances, although actual experience may differ from that assumed.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the financial statements

31 December 2005

4 Interest income

	2005 £	2004 £
Interest income		
Group interest income (see note 16)	17,825	11,303
Interest income from finance lease and hire purchase receivables	25,614	65,777
	<u>43,439</u>	<u>77,080</u>

Included within interest income in 2005 is £nil in respect of impaired financial assets.
The average effective interest rate in 2005 was 5.34% for lease and hire purchase.

5 Other operating expense

	2005 £	2004 £
Operating income		
Bad debt recovered	3,905	2,282
	<u>3,905</u>	<u>2,282</u>
Operating expense		
Management fees (see note 16)	7,170	13,633
Other administrative expenses	482	9,506
	<u>7,652</u>	<u>23,139</u>
Net operating expense	<u>(3,747)</u>	<u>(20,857)</u>

6 Operating profit

The following items have been included in arriving at operating profit:

	2005 £	2004 £
Income		
Aggregate rentals receivable:		
- From hire purchase contracts	795	5,043
- From finance lease contracts	24,819	60,734

The auditors' remuneration for the year ended 31 December 2005 has been borne by a fellow subsidiary entity.

7 Staff costs

The Company did not directly employ any persons during the year (2004: none), accounting and administration services being provided by a fellow subsidiary undertaking.

8 Directors' emoluments

No director received any fees or emoluments during the year (2004: £nil). The directors are employed by other companies in the Lloyds TSB group and consider that their services to this Company are incidental to their activity within the group.

Notes to the financial statements

31 December 2005

9 Taxation

	2005 £	2004 £
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on profits for the year	(29,470)	11,368
Current tax charge	(29,470)	11,368
Deferred tax	41,378	5,499
Deferred tax in respect of prior years	(2)	-
	11,906	16,867

The charge for tax on the profit for the year is based on a UK corporation tax rate of 30 per cent (2005: 30 per cent).

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 before tax to the tax charge for the year is given below:

	2005 £	2004 £
Profit before tax	39,692	56,223
Tax charge thereon at UK corporation tax rate of 30%	11,908	16,867
Factors affecting charge:		
- Prior year charge	(2)	-
Tax on profit on ordinary activities	11,906	16,867
Effective rate	30.0%	30.0%

Notes to the financial statements

31 December 2005

10 Loans and advances to customers

	2005 £	2004 £
Advances under finance lease and hire purchase contracts	18,563	86,261
Gross loans and advances to customers	18,563	86,261
Less: allowance for losses on loans and advances	(18,563)	(27,839)
Loans and advances to customers, net	-	58,422
of which:		
Due within one year	-	54,945
Due after more than one year	-	3,477
	-	58,422

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

	2005 £	2004 £
Gross investment in hire purchase and finance lease contracts, receivable:		
- no later than one year	11,870	93,139
- later than one year and no later than five years	11,816	2,058
- later than five years	-	3,837
	23,686	99,034
Unearned future finance income on hire purchase and finance lease contracts	(5,123)	(12,773)
Net investment in hire purchase and finance lease contracts	18,563	86,261
The net investment in hire purchase and finance lease contracts may be analysed as follows:		
- no later than one year	9,303	81,127
- later than one year and no later than five years	9,260	1,792
- later than five years	-	3,342
	18,563	86,261

11 Other current assets

	2005 £	2004 £
Amounts owed by group undertakings (see note 16)	374,513	329,112
Other debtors	724	-
	375,237	329,112

Amounts due from group undertakings are unsecured, repayable on demand and generally interest bearing. Rates applicable are based on LIBOR.

12 Borrowed funds

	2005 £	2004 £
Borrowings from group undertakings (see note 16)	158,102	-

Amounts due to group undertakings are unsecured, repayable on demand and non-interest bearing.

Notes to the financial statements

31 December 2005

13 Other current liabilities

	2005 £	2004 £
Other creditors	-	10,941
	=====	=====

14 Deferred tax

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

	2005 £	2004 £
Restated at 1 January to reflect the implementation of IFRS (see note 18)	131,273	136,772
Adjustment on implementation of IAS 32 & IAS39	507	-
	-----	-----
At 1 January as restated	131,780	136,772
Income statement (charge)	(41,376)	(5,499)
	-----	-----
At 31 December	90,404	131,273
	=====	=====

The deferred tax charge in the Income Statement comprises the following temporary differences:

	2005 £	2004 £
Accelerated capital allowances	41,378	5,499
Allowances for impairment losses	(2)	-
	-----	-----
	41,376	5,499
	=====	=====

Deferred tax assets and liabilities are comprised as follows:

	2005 £	2004 £
Deferred tax assets		
- Accelerated capital allowances	89,897	131,275
- Allowance for impairment losses	507	-
- Other temporary differences	-	(2)
	-----	-----
	90,404	131,273
	=====	=====

15 Share capital

	2005 £	2004 £
Authorised, allotted, issued and fully paid		
2,750,000 ordinary shares of 10p each	275,000	275,000
	=====	=====

The immediate parent company is Black Horse Group 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.

Notes to the financial statements

31 December 2005

16 Related party transactions

Copies of the ultimate parent Company's 2005 annual report and accounts may be obtained from the Company Secretary's Department, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN.

A number of transactions are entered into with related parties in the normal course of business. The outstanding balances at the year end, and related expense and income for the year are as follows:

	Group and associated companies	
	2005	2004
	£	£
Outstanding at 31 December		
Amounts due from Black Horse Group Limited	216,411	329,112
	=====	=====
Interest Receivable		
Amounts due from Black Horse Group Limited	17,825	11,303
	=====	=====
Management charges		
Amounts due to Black Horse Group Limited	7,170	13,633
	=====	=====

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 the other activities within that sub-group.

17 Contingent liabilities and commitments

There were no contracted capital commitments or contingencies at the balance sheet date (2004: £nil).

Notes to the financial statements

31 December 2005

18 Reconciliation of net assets, profit and cashflows under UK GAAP to IFRS

CTL Limited reported under UK GAAP in its previously published financial statements for the year ended 31 December 2004.

The analysis below shows a reconciliation of net assets as reported under UK GAAP as at 31 December 2004 to the revised net assets under IFRS as reported in these financial statements.

There were no amendments to the profit for the year ended 31 December 2004 as a result of the transition to IFRS.

In addition, there is a reconciliation of net assets under UK GAAP to IFRS at the transition date for this Company, being 1 January 2004 and at 1 January 2005, the date at which the IAS 32 and IAS 39 adjustments were reflected.

Reconciliation of equity at 1 January 2004 (date of transition to IFRS)

	UK GAAP £	Effect of transition to IFRS £	IFRS £
ASSETS			
Loans and advances to customers	440,616	6	440,622
Deferred tax assets	136,774	(2)	136,772
Other current assets	1,822		1,822
	<hr/>	<hr/>	<hr/>
Total assets	579,212	4	579,216
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Other current liabilities	(247,229)	11,977	(235,252)
Current tax liabilities	-		
	<hr/>	<hr/>	<hr/>
Total liabilities	(247,229)	11,977	(235,252)
	<hr/>	<hr/>	<hr/>
EQUITY			
Share capital	(275,000)	-	(275,000)
Retained profits	(4,243)	(11,981)	(16,224)
Other reserves	(52,740)	-	(52,740)
	<hr/>	<hr/>	<hr/>
Total equity	(331,983)	(11,981)	(343,964)
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	(579,212)	(4)	(579,216)
	<hr/>	<hr/>	<hr/>

Notes to the financial statements

31 December 2005

Reconciliation of equity at 31 December 2004 and 1 January 2005 (date of transition to IFRS)

	UK GAAP	Effect of transition to IFRS	IFRS 31/12/2004	Effect of IAS 32/39	IFRS 01/01/2005
	£	£	£	£	£
ASSETS					
Loans and advances to customers	58,416	6	58,422	(1,691)	56,731
Deferred tax assets	131,275	(2)	131,273	507	131,780
Other current assets	350,698	(21,586)	329,112	-	329,112
Total assets	540,389	(21,582)	518,807	(1,184)	517,623
	=====	=====	=====	=====	=====
LIABILITIES					
Other current liabilities	(208,400)	39,357	(169,043)	-	(169,043)
Total liabilities	(208,400)	39,357	(169,043)	-	(169,043)
	=====	=====	=====	=====	=====
EQUITY					
Share capital	(275,000)	-	(275,000)	-	(275,000)
Retained profits	(4,249)	(17,775)	(22,024)	1,184	(20,840)
Other reserves	(52,740)	-	(52,740)	-	(52,740)
Total equity	(331,989)	(17,775)	(349,764)	1,184	(348,580)
	=====	=====	=====	=====	=====
Total equity and liabilities	(540,389)	21,582	(518,807)	1,184	(517,623)
	=====	=====	=====	=====	=====

Explanation of reconciling items between UK GAAP and IFRS

Net equity at 1 January 2004

Lease initial direct costs	6
Deferred tax	(2)
Dividends proposed in 2003 and accrued under UK GAAP but paid in 2004	11,977

	11,981

Net equity at 31 December 2004

Lease initial direct costs	6
Deferred tax	(2)
Dividends proposed in 2004 and accrued under UK GAAP but paid in 2005	17,771

	17,775

Net equity at 1 January 2005

Lease impairment	1,691
Deferred tax	(507)

	1,184

Accounting for leases in accordance with IAS 17 is different from SSAP 21. The main differences are that the direct costs incurred by the lessor should be added to the carrying value of the leased asset, whereas all direct costs were recognised at the inception of the lease under SSAP 21.

Under IFRS, equity dividends declared and authorised after the balance sheet date may not be included as a liability at the balance sheet date.

The tax effect of the IAS 32/39 adjustment is reflected in the deferred tax adjustment.