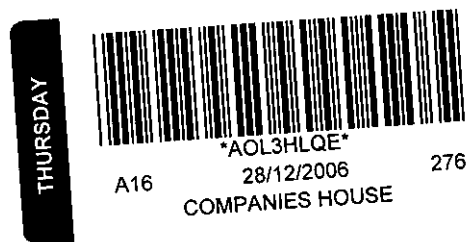


**UDT Limited**  
Registered number 646591

## Report and Accounts 2006



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	MP Kilbee DJS Oldfield DK Potts
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Secretary	David Jarvis
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UDT Limited is a limited company registered in England No: 646591 and is both incorporated and domiciled in England.

#### Registered office

25 Gresham Street  
London  
EC2V 7HN

# Directors' report

For the year ended 28 February 2006

The directors present their report and the audited financial statements for the year ended 28 February 2006.

## Principal activities

The principal activity of UDT Limited (the "Company") is the provision of lease funding.

## Review of business and future developments

The business has performed in line with expectations during the year. As the Company is writing only renewal business, its level of activity is expected to continue to fall over time.

## Financial risk management

Responsibility for the control of overall risk within the Company lies with the Board of Directors. See note 2.

## Dividends

A dividend of £460,139 was declared in the year ended 28 February 2004 and paid in the year ended 28 February 2005. No dividends were paid in the year ended 28 February 2006.

## Directors and their interests

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

The following change has taken place since the year end:

JL Davies (resigned 18 December 2006)  
DJS Oldfield (appointed 19 December 2006)

Throughout the year JL Davies and DK Potts were 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 interests of the other director in office at 28 February 2006 in the capital of Lloyds TSB Group plc and its subsidiaries were:

	At 28 February 2006		Options granted during year	Options lapsed during year*	At 1 March 2005	
	Shares	Options			Shares	Options
MP Kilbee	35,503	68,275	15,199	5,594	34,273	58,670

\* During the year these share options lapsed in accordance with the rules of the scheme.

# Directors' report

For the year ended 28 February 2006

## 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 0845-0150010 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 28 February 2006, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2005: nil).

By order of the Board



MP Kilbee

Director

21<sup>st</sup> December 2006

# Report of the independent auditors to the members of UDT Limited

We have audited the financial statements of UDT Limited for the year ended 28 February 2006 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 28 February 2006 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

 2006

# Income statement

Income statement for the year ended 28 February 2006

	Note	2006 £	2005 £
Interest and similar income		1,499,422	2,246,446
Interest expense and similar charges		(551,694)	(1,629,774)
<b>Net interest income</b>	4	<b>947,728</b>	616,672
Other operating income	7	545,573	545,448
Fees and commission expense	5	-	(2,203)
Other operating expenses	6	(967,313)	(443,768)
<b>Profit before tax</b>	7	<b>525,988</b>	716,149
Taxation	10	(157,796)	(214,921)
<b>Profit for the year attributable to equity shareholders</b>		<b>368,192</b>	501,228

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

# Balance Sheet

Balance sheet at 28 February 2006

	Note	2006 £	2005 £
<b>ASSETS</b>			
Loans and advances to customers	11	14,463,262	28,323,691
Other current assets	13	-	430,423
Property, plant and equipment	12	1,747,378	2,210,205
<b>Total assets</b>		<b>16,210,640</b>	<b>30,964,319</b>
<b>LIABILITIES</b>			
Borrowed funds	14	12,776,421	26,630,926
Other current liabilities	15	1,152,556	1,669,174
Current tax liabilities		667,068	896,801
Deferred tax	16	705,785	1,226,800
<b>Total liabilities</b>		<b>15,301,830</b>	<b>30,423,701</b>
<b>EQUITY</b>			
Share capital	17	200	200
Retained profits		908,610	540,418
<b>Total equity</b>		<b>908,810</b>	<b>540,618</b>
<b>Total equity and liabilities</b>		<b>16,210,640</b>	<b>30,964,319</b>

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 were signed on its behalf by:



D K Potts, Director

21<sup>st</sup> December 2006



# Statement of changes in equity

28 February 2006

	Share capital £	Retained profits £	Total £
<b>Previously reported balance at 1 March 2004</b>	200	39,190	39,390
Prior year adjustment – IFRS adoption	-	460,139	460,139
<b>Adjusted balance at 1 March 2004</b>	200	499,329	499,529
Profit for the year	-	501,228	501,228
Dividend paid	-	(460,139)	(460,139)
<b>At 28 February 2005</b>	200	540,418	540,618
Profit for the year	-	368,192	368,192
<b>At 28 February 2006</b>	<b>200</b>	<b>908,610</b>	<b>908,810</b>

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 28 February 2006

	2006 £	2005 £
<b>Cash flows from operating activities</b>		
Profit before tax	525,988	716,149
Adjustments for:		
- Interest payable	551,694	1,629,774
- Depreciation	462,827	456,567
- Loss on sale of property, plant and equipment	-	27,800
- Reclassification of property, plant and equipment	-	(213,610)
Changes in operating assets and liabilities:		
- net decrease in loans and advances to customers	13,860,429	25,830,720
- net decrease in other assets	430,423	2,217,142
- net (decrease)/increase in other liabilities	(516,618)	1,664,880
Cash used in operations	15,314,743	32,329,422
Interest paid	(551,694)	(1,629,774)
Taxes paid via group relief	(908,544)	(554,200)
Net cash used in operating activities	13,854,505	30,145,448
<b>Cash flows from financing activities</b>		
Proceeds from borrowed funds	(13,851,485)	(29,685,309)
Dividends paid	-	(460,139)
Net cash flows used in financing activities	(13,851,485)	(30,145,448)
<b>Net increase in cash and cash equivalents</b>	3,020	-
Cash and cash equivalents at beginning of year	(3,020)	(3,020)
<b>Cash and cash equivalents at end of year</b>	-	(3,020)

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

# Notes to the financial statements

28 February 2006

## 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 28 February 2006. 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 March 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	There was no material impact on the financial statements in relation to the adoption of IAS 32 and IAS 39.

The disclosures required by IFRS1 concerning the transition from UK GAAP to IFRS are given in note 19. 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.

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

### 1.3 Fee and commission income and expense

Fees and commissions which are not an integral part of the effective interest rate are generally recognised on an accruals basis when the service has been provided.

# Notes to the financial statements

28 February 2006

## 1.4 Financial assets

The majority of the Company's financial assets are 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.

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

## 1.6 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, 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).

Operating lease assets are included within fixed assets at cost and depreciated over the life of the lease after taking into account anticipated residual values.

# Notes to the financial statements

28 February 2006

## 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.

## 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.

## 1.10 Property, plant and equipment

Property, plant and equipment are included at cost less depreciation. Depreciation is calculated using the straight-line method to allocate the difference between the cost and residual value over their estimated useful lives.

## 2 Risk management policy

The Company's operations expose it to credit risk, liquidity risk and interest rate risk; it is not exposed to any significant foreign exchange risk. Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by the intermediate parent, Lloyds TSB Asset Finance Division Limited, and the ultimate parent, Lloyds TSB Group plc. The interest rate and liquidity risk faced by the Company is in substance managed 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.

### 2.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates which can result in a fair value and a cash flow risk. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Lloyds TSB Asset Finance Division Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored regularly.

## Notes to the financial statements

28 February 2006

### 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 leasing portfolio 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.

### 4 Net interest income

	2006 £	2005 £
<b>Interest income</b>		
From finance lease receivables	1,499,422	2,246,446
<b>Interest expense</b>		
Group interest expense (see note 18)	551,694	1,629,774
<b>Net interest income</b>	947,728	616,672

The average effective interest rate in 2006 was 7.01% for finance lease receivables.

### 5 Fee and commission expense

	2006 £	2005 £
<b>Fee and commission expense</b>		
Other fees and commissions payable	-	2,203

### 6 Other operating expenses

	2006 £	2005 £
Depreciation	462,827	456,567
Management fees (see note 18)	490,983	-
Impairment losses/(gains) on loans and advances	13,503	(12,799)
	967,313	443,768

# Notes to the financial statements

28 February 2006

## 7 Profit before tax

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

	2006 £	2005 £
<b>Income</b>		
Aggregate rentals receivable:		
- From operating lease contracts	545,573	545,448
- From finance lease contracts	1,499,422	2,246,446

The auditors remuneration for the year ended 28 February 2006 was borne by a fellow group company.

## 8 Staff costs

The Company did not directly employ any person during the year (2005: none), accounting and administrative services being provided by Black Horse Limited, a fellow subsidiary undertaking.

## 9 Directors' emoluments

No director received any fees or emoluments during the year in connection with services provided to the Company (2005: £nil). The directors are employed by other companies in the Lloyds TSB Group and consider that their services to the Company are incidental to their other activities within the group (see also note 18).

## 10 Taxation

	2006 £	2005 £
<b>a) Analysis of charge for the year</b>		
UK corporation tax:		
- Current tax on profits for the year	667,068	896,801
- Adjustments in respect of prior years	11,743	820
Current tax charge	678,811	897,621
Origination and reversal of timing differences	(509,272)	(681,956)
Deferred tax in respect of prior years	(11,743)	(744)
	157,796	214,921

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

### b) Factors affecting the tax charge for the year

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

	2006 £	2005 £
Profit before tax	525,988	716,149
Tax charge thereon at UK corporation tax rate of 30%	157,796	214,845
Factors affecting charge:		
- Adjustment in respect of prior years	-	76
Tax on profit on ordinary activities	157,796	214,921
Effective rate	30%	30%

# Notes to the financial statements

28 February 2006

## 11 Loans and advances to customers

	2006 £	2005 £
Gross loans and advances to customers	14,575,219	28,422,140
Less: allowances for losses on loans and advances	(111,957)	(98,449)
Loans and advances to customers, net	14,463,262	28,323,691
	=====	=====

of which:

Due within one year	8,855,711	15,209,878
Due after more than one year	5,607,551	13,113,813
	=====	=====
	14,463,262	28,323,691
	=====	=====

Loans and advances to customers include finance lease receivables:

	2006 £	2005 £
Gross investment in finance lease contracts, receivable:		
- no later than one year	9,702,327	15,710,342
- later than one year and no later than five years	5,956,084	13,282,392
- later than five years	187,555	262,915
	=====	=====
	15,845,966	29,255,649
Unearned future finance income on finance lease contracts	(1,382,704)	(931,958)
Net investment in finance lease contracts	14,463,262	28,323,691
	=====	=====

The net investment in finance lease contracts may be analysed as follows:

- no later than one year	8,855,711	15,209,878
- later than one year and no later than five years	5,436,362	12,859,273
- later than five years	171,189	254,540
	=====	=====
	14,463,262	28,323,691
	=====	=====



# Notes to the financial statements

28 February 2006

## 12 Property, plant and equipment

	£
<b>Cost:</b>	
At 1 March 2004	3,493,910
Additions	-
Disposals	(123,606)
Reclassification	232,245
	-----
At 28 February 2005 and 2006	3,602,549
	=====
<b>Accumulated depreciation</b>	
At 1 March 2004	1,012,948
Charge for the year	456,567
Disposals	(95,806)
Reclassification	18,635
	-----
At 28 February 2005	1,392,344
Charge for the year	462,827
	-----
<b>At February 2006</b>	<b>1,855,171</b>
	=====
 <b>Balance sheet amount at 28 February 2006</b>	 <b>1,747,378</b>
	=====
 Balance sheet amount at 28 February 2005	 2,210,205
	=====

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

In 2005 operating lease assets included assets reclassified from debtors with a net book value of £213,610. This transfer corrected a misclassification relating to assets previously classified as loans and advances to customers.

## 13 Other current assets

	2006 £	2005 £
Amounts due from group undertakings (see note 18)	-	429,039
Other debtors	-	1,384
	-----	-----
	-	430,423
	=====	=====

Amounts due from group undertakings are unsecured, repayable on demand and generally non interest bearing.

# Notes to the financial statements

28 February 2006

## 14 Borrowed funds

	2006 Due within one year £	2005 Due within one year £
Borrowings from group undertakings (see note 18)	12,776,421	26,627,906
Bank overdraft	-	3,020
	<u>12,776,421</u>	<u>26,630,926</u>

Amounts due to group undertakings are unsecured, repayable on demand and generally interest bearing. Variable rates based on LIBOR were charged during the year.

## 15 Other current liabilities

	2006 £	2005 £
Other creditors	1,152,556	1,669,174
	<u>1,152,556</u>	<u>1,669,174</u>

## 16 Deferred tax

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

	2006 £	2005 £
At 1 March	1,226,800	1,909,500
Income statement credit	(521,015)	(682,700)
At 28 February	<u>705,785</u>	<u>1,226,800</u>

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

	2006 £	2005 £
Accelerated capital allowances	521,015	682,700
	<u>521,015</u>	<u>682,700</u>

Deferred tax assets and liabilities are comprised as follows:

	2006 £	2005 £
Deferred tax liability		
- Accelerated capital allowances	705,785	1,226,800
	<u>705,785</u>	<u>1,226,800</u>

# Notes to the financial statements

28 February 2006

## 17 Share capital

	2006 £	2005 £
<b>Authorised, Issued, called up and fully paid</b>		
200 Ordinary shares of £1 each	200	200
	=====	=====

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.

## 18 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). 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. These include loans, fees and commission transactions. The outstanding balances at the year end, and related expense and income for the year are as follows:

	<b>Group and associated companies</b>	
	2006 £	2005 £
<b>Outstanding at 28 February</b>		
From Black Horse Limited	-	329
From Lloyds TSB Asset Finance Division	-	428,710
To United Dominions Trust Limited	(6,203,751)	(12,855,699)
To Lloyds UDT Limited	(6,546,852)	(13,772,207)
To Black Horse Finance Holdings Limited	(25,818)	-
	=====	=====
<b>Interest payable</b>		
United Dominions Trust Limited	256,138	1,215,348
Lloyds TSB Asset Finance Division	-	290,928
Lloyds UDT Limited	295,556	123,498
	=====	=====
<b>Management fee</b>		
Lloyds UDT Limited	490,983	-
	=====	=====

### 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.

# Notes to the financial statements

28 February 2006

## 19 Reconciliation of net assets and profit under UK GAAP to IFRS

UDT Limited reported under UK GAAP in its previously published financial statements for the year ended 28 February 2005.

The analysis below shows a reconciliation of net assets and profit as reported under UK GAAP as at 1 March 2004 to the revised net assets under IFRS as reported in these financial statements. Reporting under IFRS has not produced any changes to profit as previously reported under UK GAAP for the year ended 28 February 2005.

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

	UK GAAP £	Effect of transition to IFRS £	IFRS £
<b>ASSETS</b>			
Loans and advances to customers	54,154,411	-	54,154,411
Other current assets	2,647,565	-	2,647,565
Property, plant and equipment	2,480,962	-	2,480,962
<b>Total assets</b>	<b>59,282,938</b>	<b>-</b>	<b>59,282,938</b>
<b>LIABILITIES</b>			
Borrowed funds	56,316,235	-	56,316,235
Other current liabilities	464,433	(460,139)	4,294
Current tax liabilities	553,380	-	553,380
Deferred tax liabilities	1,909,500	-	1,909,500
<b>Total liabilities</b>	<b>59,243,548</b>	<b>(460,139)</b>	<b>58,783,409</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity shareholders</b>			
Share capital	200	-	200
Retained profits	39,190	460,139	499,329
<b>Total equity</b>	<b>39,390</b>	<b>460,139</b>	<b>499,529</b>
<b>Total equity and liabilities</b>	<b>59,282,938</b>	<b>-</b>	<b>59,282,938</b>

### Explanation of reconciling items between UK GAAP and IFRS

<b>Net equity at 1 March 2004</b>	<b>£</b>
Dividends proposed in 2004 and accrued under UK GAAP but paid in 2005	(460,139)

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