A.C.L. Limited

Registered number 744977

Report and Accounts
31 March 2011

Registered office

25 Gresham Street
London
EC2V 7HN

Directors

R Francis
C A Parkes

Member of Lloyds Banking Group

A.C.L. Limited
Registered number 744977

Report of the directors for the year ended 31 March 2011

Principal activities

The principal activity of the Company is vehicle contract hire The Company is a limited liability company registered, incorporated and domiciled in England and Wales

The Company is party to an undisclosed agency agreement with Lex Autolease Limited, a fellow subsidiary company Lex Autolease Limited acts as an agent and provides agency services in return for an annual management fee charged to the Company Services provided by the agent include seeking new business, negotiating and agreeing terms of and arranging the execution of all lease documents on behalf of the Company The agent maintains accurate accounting and other records, including settlement of all customer and supplier invoices relating to services The business is funded by the agent, which is ultimately funded by Lloyds TSB Bank plc

Review of business and future prospects

Under the terms of the agency agreement referred to above, the Company has entered into contract hire agreements introduced by Lex Autolease Limited Since these agreements are administered by Lex Autolease Limited, the Company does not employ any staff

The directors consider the level of new business written in the period to be satisfactory and this is expected to continue in the foreseeable future

Result

The profit for the period after tax amounted to £949,000 (2010 loss of £1,388,000) No dividend was paid during the financial year (2010 £nil)

Key performance indicators ('KPIs')

The directors of Lloyds Banking Group plc manage the Group's operations on a divisional basis The Company is included within the Asset Finance business unit of the Wholesale Division

The directors consider that the key drivers of performance for the Company are the fluctuations in the residual values of fleet vehicles and the levels of new business achieved Residual values are directly impacted by the UK economy, which influences the performance on disposal of ex fleet vehicles

Financial risk management

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

Directors

The names of the directors of the Company are shown on page 1 The following directors were appointed and resigned

	Appointed	Resigned
T M Blackwell		1 November 2010
R Francis	26 July 2011	
C A Parkes	1 November 2010	
N C Stead		30 June 2011
A P White		19 September 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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

Report of the directors for the year ended 31 March 2011

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained 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 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

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 / she ought to have taken as a director in order to make himself / herself 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 section 418 of the Companies Act 2006

Policy and practice on payment of creditors

The Company follows "The Better Payment Practice Code" published by the Department for Business Innovation and Skills ("BIS"), regarding the making of payments to suppliers A copy of the code and information about it may be obtained from the BIS 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 a result of the agency agreement in place, the Company had no trade payables at 31 March 2011, hence the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2010 4)

On behalf of the Board

CAParkes

C A Parkes
Director

19 December 2011

Independent auditors' report to the member of A C.L. Limited

We have audited the financial statements of A C L Limited for the year ended 31 March 2011 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

M Ellis

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

One Kingsway
Cardiff
CF10 3PW

19th December 2011

A.C L. Limited

Statement of comprehensive income
31 March 2011

	Note	2011 £'000	2010 £'000
Revenue	4	**70,829**	33,335
Direct costs	4	**(56,474)**	(27,310)
Gross profit		**14,355**	6,025
Administrative expenses	4	**(3,559)**	(2,469)
Operating profit		**10,796**	3,556
Finance costs	5	**(10,181)**	(5,484)
Profit / (loss) before tax		**615**	(1,928)
Taxation	6	**334**	540
Profit / (loss) for the period attributable to equity shareholder		**949**	(1,388)

The notes on pages 9 to 19 are an integral part of these financial statements

A.C L. Limited

Balance sheet
31 March 2011

	Note	2011 £'000	2010 £'000
ASSETS			
Property, plant and equipment	8	**322,968**	171,080
Deferred tax assets	11	**-**	6,303
Total non-current assets		**322,968**	177,383
Trade and other receivables	7	**1,950**	6,634
Current tax receivable		**7,505**	-
Total current assets		**9,455**	6,634
Total assets		**332,423**	184,017
LIABILITIES			
Borrowings	9	**297,187**	157,366
Trade and other payables	10	**24,718**	17,950
Current tax liabilities		**-**	5,714
Deferred tax liabilities	11	**6,582**	-
Total liabilities		**328,487**	181,030
EQUITY			
Share capital	13	**100**	100
Retained profit		**3,836**	2,887
Total equity		**3,936**	2,987
Total equity and liabilities		**332,423**	184,017

The notes on pages 9 to 19 are an integral part of these financial statements

The financial statements on pages 5 to 19 were approved by the board of directors on 19 / 12 / 2011 and were signed on its behalf by

C A Parkes

C A Parkes
Director

19 / 12 / 2011

Statement of changes in equity
31 March 2011

	Share capital £'000	Retained profit £'000	Total £'000
At 31 March 2009	100	4,275	4,375
Total comprehensive income for the year	-	(1,388)	(1,388)
At 31 March 2010	100	2,887	2,987
Total comprehensive income for the year	-	949	949
At 31 March 2011	100	3,836	3,936

The notes on pages 9 to 19 are an integral part of these financial statements

A C.L Limited

Cash flow statement
31 March 2011

	2011 £'000	2010 £'000
Cash flows from operating activities		
Profit / (loss) before tax	**615**	(1,928)
Adjustments for		
- Interest payable	**10,181**	5,484
- Depreciation	**41,588**	20,886
- Cost on disposal of property, plant and equipment	**6,349**	2,344
Changes in operating assets and liabilities		
- Decrease / (increase) in trade and other receivables	**4,684**	(1,432)
- Increase in trade and other payables	**6,768**	9,279
Cash generated from operations	**70,185**	34,633
Interest paid	**(10,181)**	(5,484)
Taxation paid	**-**	-
Net cash generated from operating activities	**60,004**	29,149
Cash flows from investing activities		
Purchase of property, plant and equipment	**(199,825)**	(105,465)
Net cash used in investing activities	**(199,825)**	(105,465)
Cash flows from financing activities		
Proceeds from intercompany borrowed funds	**139,821**	76,316
Net cash generated from financing activities	**139,821**	76,316
Net increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of period	**-**	-
Cash and cash equivalents at end of period	**-**	-

The notes on pages 9 to 19 are an integral part of these financial statements

A.C.L. Limited

Notes to the financial statements

31 March 2011

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 periods presented, unless otherwise stated

1 1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and under the historical cost convention

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following new IFRS pronouncement relevant to the Company has been adopted in these financial statements

Improvements to IFRSs (issued April 2009) This sets out minor amendments to IFRS standards as part of the annual improvements process Most amendments clarified existing practice The application of these new interpretations has not had any impact for amounts recognised in these financial statements Details of those pronouncements which will be relevant to the Company but which were not effective at 31 March 2011 and which have not been applied in preparing these financial statements are given in note 15

Going Concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis

1 2 Revenue

Revenue substantially comprises income earned from operating lease services rendered to customers, which is credited to the statement of comprehensive income on a straight line basis, and sales proceeds received on disposal of ex leased vehicles Vehicle sales are recognised in the period in which the sale occurs, with the book value of the vehicle being charged to direct costs

Other income includes amounts arising at the end of vehicles contracts, which are recognised in the period during which the contract terminates

1 3 Property, plant and equipment

Under the terms of the agreement between the Company and Lex Autolease Limited, the Company bears substantially all of the risks and rewards associated with assets arising as a result of the underlying contract hire agreements As such, these assets are reflected within these accounts

Vehicles leased to customers are stated at cost and depreciated to expected residual values on a straight line basis over the term of the lease, principally between 3 and 7 years

1.4 Equipment leased to customers

Lease agreements, which do not represent finance leases, are classified as operating leases Assets leased to customers under such agreements are included in property, plant and equipment and are depreciated over their lease term down to their anticipated realisable value on a straight line basis Anticipated realisable values are regularly reassessed and the impact upon depreciation charge is adjusted prospectively The maintenance element of the rental receivable is credited to a deferred income account and released to the statement of comprehensive income in line with the actual expenditure

1 5 Financial assets and liabilities

Financial assets of the Company include prepayments Financial liabilities comprise borrowings and other payables

1 Accounting policies (continued)

1.6 Impairment

Property, plant and equipment

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

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, including future rentals receivable and a current assessment of residual values, discounted at the Company's weighted average cost of capital This assessment is performed on an asset by asset basis The method and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between the loss estimates and actual loss experience

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 provision is adjusted and the amount of the reversal is recognised in the statement of comprehensive income

Financial assets

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 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 provision is adjusted and the amount of the reversal is recognised in the statement of comprehensive income

1.7 Taxation

Current income 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 substantively enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or 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

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both 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 8 Borrowing costs

Interest expense is recognised in the statement of comprehensive income in the period in which the charge arises

1 9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated

1 10 Cash and cash equivalents

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

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 foreign exchange risks Responsibility for the control of overall risk within the Company lies with the Board of Directors, operating within a managerial framework established by the intermediate parent, Lloyds TSB Asset Finance Division Limited, and the ultimate parent, Lloyds Banking Group plc The interest rate and liquidity risk faced by the Company is in substance managed and borne by other group companies which provide funding to the Company and credit risk is carefully monitored by the Asset Finance business unit credit committees and credit functions

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due As a result of the agency agreement in place, the credit risk associated with trade receivables is now borne by Lex Autolease Limited

Other risks

The Company's activities expose it to movement in the used values of motor vehicles as the sale proceeds arising from the disposal of returned vehicles are important to the profitability of the Company Residual values, which are set at lease inception, are determined by reference to the latest available industry data and are subject to regular review by the Company's Pricing Committee, which comprises members of the management team with significant industry experience Thereafter, residual values are subject to regular review as explained in note 3

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 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 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 the shareholder, return capital to the shareholder, 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 The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally

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 of assets

The Company reviews the residual value of its operating lease assets on a quarterly basis by reference to independent market value data and the prevailing economic conditions The adjustment arising from the reviews are dealt with as set out in notes 1 4 and 1 6 above

4 Operating profit

The following items have been included in arriving at operating profit

	2011 £'000	2010 £'000
Revenue		
Aggregate rentals receivable from operating lease contracts	**64,305**	30,822
Fleet management fees	**57**	24
Other income	**403**	139
Proceeds from disposal of property, plant and equipment	**6,064**	2,350
	70,829	33,335
Expenses		
Direct costs		
Cost of sale on disposal of property, plant and equipment	**6,349**	2,344
Depreciation of property, plant and equipment	**41,588**	20,886
Other direct costs	**8,537**	4,080
	56,474	27,310
Administrative expenses		
Charges payable to fellow group company (note 14)	**3,559**	2,469

The Company did not directly employ any person during the period (2010 none) Accounting and administrative services were provided by Lex Autolease Limited, a fellow subsidiary undertaking

5 Finance costs

	2011 £'000	2010 £'000
Interest payable to fellow group company (note 14)	**10,181**	5,484

6 Taxation

a) Analysis of credit for the year

	2011 £'000	2010 £'000
UK corporation tax		
- Current tax charge on profit / (loss) for the year	**-**	5,071
- Adjustment in respect of prior years	**(13,219)**	(11)
Current tax (credit) / charge	**(13,219)**	5,060
Deferred tax		
- Origination and reversal of timing differences	**(334)**	(5,600)
- Adjustment in respect of prior years	**13,219**	-
Deferred tax charge / (credit) (note 11)	**12,885**	(5,600)
Total tax credit	**(334)**	(540)

b) Factors affecting the tax credit for the year

The tax assessed for the year is different than the average standard rate of corporation tax in the UK The differences are explained below

	2011 £'000	2010 £'000
Profit / (loss) before tax	**615**	(1,928)
Tax charge / (credit) thereon at UK corporation tax rate of 28%	**172**	(540)
Factors affecting the charge / (credit)		
Effect of reduction in tax rate to 26%	**(506)**	-
Total tax credit	**(334)**	(540)
Effective rate	**(54.3)%**	28 0%

7 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**-**	5,373
Prepayments	**1,950**	1,261
	1,950	6,634

The treatment of trade receivables has changed in the year to better reflect the substance of the agency agreement and to align the presentation of the financial statements with that of other Lloyds Banking Group companies engaged in similar business activities Lex Autolease Limited manages debt collection activities with external customers on behalf of the Company

Trade and other receivables are due within one year There is no provision for impairment of trade receivables (2010 £nil)

7 Trade and other receivables (continued)

Trade receivables are classified as follows

	2011 £'000	2010 £'000
Neither past due nor impaired	-	4,868
Past due but not impaired	-	505
	-	5,373

The credit quality of trade receivables which are neither past due or impaired is as follows

	2011 £'000	2010 £'000
Good quality	-	3,487
Satisfactory quality	-	979
Lower quality	-	402
	-	4,868

In general, good quality lending comprises those balances with a lower probability to default rating assigned The rating progressively increases for each category exhibiting a progressively higher probability to default

Trade receivables which are past due but not impaired

	2011 £'000	2010 £'000
Past due up to 30 days	-	443
Past due from 30 to 60 days	-	55
Past due from 60 to 90 days	-	7
	-	505

The criteria used to determine whether there is objective evidence of impairment is disclosed in note 1 6

8 Property, plant and equipment

	Vehicles leased to customers £'000
Cost	
At 1 April 2010	193,872
Additions	199,825
Disposals	(8,834)
At 31 March 2011	384,863
Accumulated depreciation	
At 1 April 2010	22,792
Charge for the period	41,588
Disposals	(2,485)
At 31 March 2011	61,895
Net book amount at 31 March 2011	**322,968**
Net book amount at 31 March 2010	**171,080**

	Vehicles leased to customers £'000
Cost	
At 1 April 2009	91,355
Additions	105,465
Disposals	(2,948)
At 31 March 2010	193,872
Accumulated depreciation	
At 1 April 2009	2,510
Charge for the period	20,886
Disposals	(604)
At 31 March 2010	22,792
Net book amount at 31 March 2010	**171,080**
Net book amount at 31 March 2009	**88,845**

The future minimum lease payments receivable under non-cancellable operating leases are as follows

	2011 £'000	2010 £'000
Not later than one year	**101,070**	53,765
Later than one year and not later than five years	**163,819**	85,309
Later than five years	**900**	331
	265,789	139,405

Notes to the financial statements
31 March 2011

9 Borrowings

	2011 £'000	2010 £'000
Borrowıngs from group companıes (note 14)	**297,187**	157,366

All borrowıngs are due wıthın one year and are unsecured Amounts due to Lex Autolease Lımıted are ınterest bearıng Interest rates charged durıng the perıod were between 3 96% and 4 54% (2010 4 61% and 5 29%)

10 Trade and other payables

	2011 £'000	2010 £'000
Trade payables	**-**	152
Accruals	**24,718**	14,476
Other taxes	**-**	3,322
	24,718	17,950

The treatment of trade payables and other taxes has changed ın the year to better reflect the substance of the agency agreement and to alıgn the presentatıon of the fınancıal statements wıth that of other Lloyds Bankıng Group companıes engaged ın sımılar busıness actıvıtıes Lex Autolease Lımıted manages supplıer payment actıvıtıes on behalf of the Company

Trade and other payables ınclude £2,810,000 whıch are due after more than one year (2010 £1,672,000)

11 Deferred tax

The movement ın the deferred tax (lıabılıty) / asset ıs as follows

	2011 £'000	2010 £'000
At 1 Aprıl	**6,303**	703
(Charge) / credıt to statement of comprehensıve ıncome (note 6 a))	**(12,885)**	5,600
At 31 March	**(6,582)**	6,303

None of the deferred tax lıabılıty at 31 March 2011 ıs expected to be recovered wıthın one year (2010 £nıl)

The deferred tax (charge) / credıt ın the statement of comprehensıve ıncome comprıses of the followıng temporary dıfference

	2011 £'000	2010 £'000
Accelerated capıtal allowances	**(12,885)**	5,600

11 Deferred tax (continued)

The deferred tax (liability) / asset at 31 March comprises

	2011 **£'000**	2010 £'000
Accelerated capital allowances	**(6,582)**	6,303
	========	========

Movements in deferred tax represent only the origination and reversal of timing differences

In his Budget speech on 23 March 2011 the Chancellor announced a reduction in the rate of corporation tax to 26 per cent with effect from 1 April 2011 This reduction was enacted under the Provisional Collection of Taxes Act 1968 on 29 March 2011 Accordingly the deferred tax liability has been recognised at 26%

The proposed further reductions in the rate of corporation tax by 1 per cent per annum to 23 per cent from 1 April 2014 are expected to be enacted separately each year The effect of these further changes upon the Company's deferred tax balances cannot be reliably quantified at this stage

12 Capital commitments

At 31 March 2011, the Company had placed orders for motor vehicles, in order to satisfy customer requirements, of £9,568,000 (2010 £7,378,000)

13 Share capital

	2011 **£'000**	2010 £'000
Authorised, issued and fully paid		
100,000 ordinary shares of £1 each	**100**	100
	========	========

14 Related party transactions

The Company's immediate parent company is ACL Autolease Holdings Limited The company regarded by the directors as the ultimate parent company 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 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 the group accounts of both may be obtained from the Company Secretary's Office, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN

Notes to the financial statements

31 March 2011

14 Related party transactions (continued)

The Company's related parties include other companies in the Lloyds Banking Group and the Company's key management personnel A number of transactions are entered into with related parties in the normal course of business The outstanding balances with related parties at the period end, and related expenses for the period are as follows

	2011 £'000	2010 £'000
Balances due to group companies:		
Lex Autolease Limited	**297,187**	157,366

The balances due to group companies comprise of operating and funding balances

	2011 £'000	2010 £'000
Interest payable		
Lex Autolease Limited	**10,181**	5,484
Charges payable:		
Lex Autolease Limited	**3,559**	2,469

Charges payable comprise management fees

Directors and key management personnel

No remuneration was paid or is payable by the Company to the directors (2010 £nil) The directors are employed by other companies in the Lloyds Banking Group and consider that their duties to this Company are incidental to their other activities within the group

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company Accordingly, key management personnel comprise the directors of the Company and the members of the Lloyds TSB Asset Finance Division Limited Board, which comprise the statutory directors of that company and certain other senior management Key management personnel are employed by other companies within the Lloyds TSB Asset Finance Division Limited sub group and consider that their services to the Company are incidental to their activities within the group

Notes to the financial statements
31 March 2011

15 Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 March 2011 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
Improvements to IFRSs (issued May 2010)	Sets out minor amendments to IFRS standards as part of annual improvements process	Dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 July 2010
Amendments to IAS 24 *Related Party Transactions*	The revised standard simplifies the definition of a related party and provides a partial exemption from the disclosure for government related entities	Periods beginning on or after 1 January 2011
IFRS 9 *Financial Instruments* [1 & 2]	Replaces those parts of IAS 39 *Financial Instruments Recognition and Measurement* relating to the classification, measurement and derecognition of financial assets and liabilities Requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instrument The available-for sale financial asset and held-to-maturity categories in existing IAS 39 will be removed The requirements for financial liabilities and derecognition are broadly unchanged from IAS 39	Annual periods beginning on or after 1 January 2015

[1] IFRS 9 is the initial stage of the project to replace IAS 39 Future stages are expected to result in amendments to IFRS 9 to deal with changes to the impairment of financial assets measured at amortised cost and hedge accounting Until all stages of the replacement project are complete, it is not possible to determine the overall impact on the financial statements of the replacement of IAS 39 The effective date of the standard is annual periods beginning on or after 1 January 2015

[2] At the date of this report, this amendment is awaiting EU endorsement

The full impact of these pronouncements is being assessed by the Company