A.C.L. Limited

Registered number 744977

Report and Accounts 2009

Registered office

25 Gresham Street
London
EC2V 7HN

Directors

T M Blackwell
N C Stead
A P White

Secretary

S J Hopkins

Member of Lloyds Banking Group

A.C.L. Limited

Report of the directors

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 was dormant in previous periods. With effect from 1 January 2009, the directors entered into an undisclosed agency agreement with Lex Autolease Limited, a fellow subsidiary company, by means of which its contract hire activity recommenced. This report and accounts relate to a period of twelve months; however, due to the prior change in accounting reference date, the previous report and accounts related to three months.

Review of business and future prospects

Under the terms of the agreement referred to above, the Company has entered into contract hire agreements introduced by Lex Autolease Limited. These contract hire agreements are administered by Lex Autolease Limited; hence 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 loss for the period after tax amounted to £126,000 (2008: £nil). The loss before tax for the period of £175,000 reported in the income statement on page 5 reflects the start up position of the Company. The directors expect that the Company will become profitable as the business matures, subject to the impact of volatility in the UK used car market.

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 (previously part of the Wholesale and International Banking 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. Given the limited trading activity undertaken to date, the directors do not consider that further analysis using KPIs is required at this stage.

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 during the year:

	Appointed	Resigned
M P Kilbee		30 April 2008
A P White	30 April 2008	

A.C.L. Limited

Report of the directors

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

Each director in office at the date of this report confirms that:

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

This confirmation is given, and should be interpreted, in accordance with section 234ZA of the Companies Act 1985.

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.

The number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is 5 (2008: nil). This bears the same proportion to the number of days in the period as the aggregate of the amounts owed to trade creditors at 31 March 2009 bears to the aggregate of the amounts invoiced by suppliers during the period.

On behalf of the Board

Director

14/1 2010

Report of the independent auditors 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 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Company Information on page 1. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 March 2009 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

14 July 2010

A.C.L. Limited

Income Statement
31 March 2009

	Note	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
Turnover	4	**3,643**	-
Direct costs	4	**(3,050)**	-
Gross profit		**593**	-
Administrative expenses	4	**(248)**	-
Operating profit		**345**	-
Finance costs	5	**(520)**	-
Loss before tax		**(175)**	-
Taxation	6	**49**	-
Loss for the period attributable to equity shareholder		**(126)**	-

The notes on pages 9 to 16 are an integral part of these financial statements.

A.C.L. Limited

Balance sheet

31 March 2009

	Note	2009 £'000	2008 £'000
ASSETS			
Trade and other receivables	7	**9,703**	4,501
Property, plant and equipment	8	**88,845**	-
Deferred tax assets	11	**703**	-
Total assets		**99,251**	4,501
LIABILITIES			
Borrowings	9	**85,551**	-
Trade and other payables	10	**8,671**	-
Corporation tax liabilities		**654**	-
Total liabilities		**94,876**	-
EQUITY			
Share capital	13	**100**	100
Retained profit		**4,275**	4,401
Total equity		**4,375**	4,501
Total equity and liabilities		**99,251**	4,501

The notes on pages 9 to 16 are an integral part of these financial statements.

The financial statements on pages 5 to 16 were approved by the board of directors on 2010 and were signed on its behalf by:

Director

14/1 2010

A.C.L. Limited

Statement of changes in equity
31 March 2009

	Share capital £'000	Retained profit £'000	Total £'000
At 31 December 2007 and 31 March 2008	100	4,401	4,501
Loss for the period	-	(126)	(126)
At 31 March 2009	100	4,275	4,375

The notes on pages 9 to 16 are an integral part of these financial statements.

A.C.L. Limited

Cash flow statement
31 March 2009

	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
Cash flows from operating activities		
Loss before tax	(175)	-
Adjustments for:		
- Interest payable	520	-
- Depreciation	2,512	-
- Loss on sale of property, plant and equipment	4	-
Changes in operating assets and liabilities:		
- increase in trade and other receivables	(5,202)	-
- increase in trade and other payables	8,671	-
Cash generated from operations	6,330	-
Interest paid	(520)	-
Net cash generated from operating activities	5,810	-
Taxation paid	-	-
Cash flows from investing activities		
Purchase of property, plant and equipment	(91,401)	-
Proceeds from disposal of property, plant and equipment	40	-
Net cash used in investing activities	(91,361)	-
Cash flows from financing activities		
Proceeds from intercompany borrowed funds	85,551	-
Net cash generated from financing activities	85,551	-
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 16 are an integral part of these financial statements.

Notes to the financial statements
31 March 2009

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.

Going Concern

The Company is reliant on funding ultimately provided by Lloyds TSB Bank plc. Owing to uncertainty in financial markets, Lloyds TSB Bank plc participates in government sponsored measures to improve funding and liquidity. The directors are satisfied that it is the intention of Lloyds TSB Bank 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 Turnover

Turnover substantially comprises income earned from operating lease services rendered to customers, which is credited to the income statement on a straight line basis.

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.

Anticipated residual values are regularly reassessed and the impact upon depreciation charges is adjusted prospectively. The maintenance element of the rental receivable is credited to a deferred income account and released to the income statement in line with the actual maintenance expenditure.

1.4 Financial assets and liabilities

Financial assets of the Company include trade receivables, prepayments and amounts due from group companies. Financial liabilities comprise borrowings and trade and other payables.

1.5 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 income statement.

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 income statement.

1 Accounting policies (continued)

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. Provisions against customers' accounts are calculated by reference to the record of payments received and, where appropriate, the security held or the value of the goods to which the agreements relate. 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 income statement.

1.6 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 substantially 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.

1.7 Borrowing costs

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

1.8 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.

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. Impairment provisions are provided for losses that have been incurred at the balance sheet date.

The credit risk associated with trade receivables 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 to the credit committee on a regular basis.

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.

2 Risk management policy (continued)

Capital disclosures

The Company's parent company manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

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 regularly reviews its trade receivables 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 and customers, or changes in economic conditions that correlate with defaults on assets in the Company.

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 1.3 and 1.5 above.

4 Operating profit

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

	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
Turnover		
Aggregate rentals receivable from operating lease contracts	**3,636**	-
Fleet management fees	**3**	
Other income	**4**	-
	3,643	-
Expenses		
Direct costs		
Depreciation of property, plant and equipment	**2,512**	-
Other direct costs	**538**	-
	3,050	-
Administrative expenses		
Charges payable to fellow group company (note 14)	**248**	-

Other direct costs include loss on disposal of property, plant and equipment of £4,000 (2008: £nil).

The Company did not directly employ any person during the period (2008: none). Accounting and administrative services were provided by Lex Autolease Limited, a fellow subsidiary undertaking.

5 Finance costs

	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
Interest payable to fellow group company (note 14)	520	-

6 Taxation

a) Analysis of credit for the year

	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
UK corporation tax:		
- Current tax charge on loss for the period	654	-
Current tax charge	654	-
Deferred tax (note 11)	(703)	-
Total tax credit	(49)	-

b) Factors affecting the tax credit for the year

There is no difference between the tax credit for the year and the tax credit that would result from applying the standard UK corporation tax rate to the loss before tax.

7 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	4,587	-
Prepayments	615	-
Due from group companies (note 14)	4,501	4,501
	9,703	4,501

Trade and other receivables are due within one year. There is no provision for impairment of trade receivables (2008: £nil).

Amounts due from group companies are non interest bearing with no fixed date for repayment.

Trade receivables are classified as follows:

	2009 £'000	2008 £'000
Neither past due nor impaired	3,840	-
Past due but not impaired	747	-
	4,587	-

7 Trade and other receivables (continued)

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

	2009 £'000	2008 £'000
Good quality	1,527	-
Satisfactory quality	2,256	-
Lower quality	57	
	3,840	-

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:

	2009 £'000	2008 £'000
Past due up to 30 days	659	-
Past due from 30 to 60 days	88	-
	747	-

The criteria used to determine whether there is objective evidence of impairment is disclosed in note 1.5.

8 Property, plant and equipment

	Vehicles leased to customers £'000
Cost	
At 1 April 2008	-
Additions	91,401
Disposals	(46)
At 31 March 2009	91,355
Accumulated depreciation	
At 1 April 2008	-
Charge for the period	2,512
Disposals	(2)
At 31 March 2009	2,510
Net book amount at 31 March 2009	**88,845**
Net book amount at 31 March 2008	-

8 Property, plant and equipment (continued)

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

	2009 £'000	2008 £'000
Not later than one year	**26,082**	-
Later than one year and not later than five years	**46,909**	-
	72,991	-

9 Borrowings

	2009 £'000	2008 £'000
Borrowings from group companies (note 14)	**85,551**	-

All borrowings are due within one year and are unsecured. Amounts due to Lex Autolease Limited are interest bearing. Interest rates charged during the period were between 5.13% and 5.23%.

10 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	**9**	-
Accruals	**7,101**	-
Other taxes	**1,561**	-
	8,671	-

Trade and other payables include £244,000 which are due after more than one year (2008: £nil).

11 Deferred tax

The movement in the deferred tax balance is as follows:

	2009 £'000	2008 £'000
At 1 April	**-**	-
Income statement credit (note 6 a))	**703**	-
At 31 March	**703**	-

None of the deferred tax asset is expected to be realised within 12 months of the balance sheet date.

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

	2009 £'000	2008 £'000
Accelerated capital allowances	**703**	-

11 Deferred tax (continued)

The deferred tax asset at 31 March comprises:

	2009 £'000	2008 £'000
Accelerated capital allowances	**703**	-

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

12 Capital commitments

At 31 March 2009, the Company had placed orders for motor vehicles, in order to satisfy customer requirements, of £3,397,000 (2008: £nil).

13 Share capital

	2009 £'000	2008 £'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 (previously Lloyds TSB 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.

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:

	Group companies	
	2009 £'000	2008 £'000
Balances due from group companies:		
Black Horse Finance Management Limited	**4,501**	4,501
Balances due to group companies:		
Lex Autolease Limited	**85,551**	-

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

14 Related party transactions (continued)

	Year ended 31 March 2009 £'000	3 months ended 31 March 2008 £'000
Interest payable:		
Lex Autolease Limited	**520**	-
Charges payable:		
Lex Autolease Limited	**248**	-

Charges payable comprise management fees.

Directors and key management personnel

No remuneration was paid or is payable by the Company to the directors (2008: £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.

15 Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 March 2009 and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
IAS 1 *Presentation of Financial Statements*	Revises the overall requirements for the presentation of financial statements, guidance for their structure and minimum content requirements. The revised standard requires the presentation of all non-owner changes in equity within a statement of comprehensive income.	Annual periods beginning on or after 1 January 2009.
IAS 16 *Property, Plant and Equipment*	Proceeds from the sale of property, plant and equipment that has been held for rental to others is to be recognised as revenue.	Annual periods beginning on or after 1 January 2009.
Improvements to IFRSs	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 January 2009.

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