

A.C.L. Limited
Registered number 744977

Report and Accounts 2010

Registered office

25 Gresham Street
London
EC2V 7HN

Directors

T M Blackwell
N C Stead
A P White



Member of Lloyds Banking Group

A.C.L. Limited

Registered number 744977

Report of the directors for the year ended 31 March 2010

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.

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 £1,388,000 (2009: £126,000). 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.

No dividend was paid during the financial year (2009: £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 (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 directors, all of whom held office throughout the year, are shown on page 1.

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.

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.

Report of the directors for the year ended 31 March 2010

Statement of directors' responsibilities (continued)

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 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 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.

The number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is 4 (2009: 5). This bears the same proportion to the number of days in the period as the aggregate of the amounts owed to trade payables at 31 March 2010 bears to the aggregate of the amounts invoiced by suppliers during the period.

On behalf of the Board



T M Blackwell
Director

13 October 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 2010 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement 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 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 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 members 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.

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 2010 and of its loss 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.



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

One Kingsway
Cardiff
CF10 3PW

9th November 2010

A.C.L. Limited

Statement of comprehensive income

31 March 2010

	Note	2010 £'000	2009 £'000 Reclassified
Revenue	4	33,335	3,683
Direct costs	4	(27,310)	(3,090)
Gross profit		6,025	593
Administrative expenses	4	(2,469)	(248)
Operating profit		3,556	345
Finance costs	5	(5,484)	(520)
Loss before tax		(1,928)	(175)
Taxation	6	540	49
Loss for the period attributable to equity shareholder		(1,388)	(126)

The 2009 result has been reclassified following changes to IAS 16 (revised) "Property Plant and Equipment" (note 1)

The notes on pages 9 to 18 are an integral part of these financial statements

A.C.L. Limited

Balance sheet

31 March 2010

	Note	2010 £'000	2009 £'000
ASSETS			
Property, plant and equipment	8	171,080	88,845
Deferred tax assets	11	6,303	703
Total non-current assets		177,383	89,548
Trade and other receivables	7	6,634	9,703
Total current assets		6,634	9,703
Total assets		184,017	99,251
LIABILITIES			
Borrowings	9	157,366	85,551
Trade and other payables	10	17,950	8,671
Current tax liabilities		5,714	654
Total liabilities		181,030	94,876
EQUITY			
Share capital	13	100	100
Retained profit		2,887	4,275
Total equity		2,987	4,375
Total equity and liabilities		184,017	99,251

The notes on pages 9 to 18 are an integral part of these financial statements

The financial statements on pages 5 to 18 were approved by the board of directors on
on its behalf by

2010 and were signed



T M Blackwell
Director

13 October 2010

A.C.L. Limited

Statement of changes in equity

31 March 2010

	Share capital £'000	Retained profit £'000	Total £'000
At 31 March 2008	100	4,401	4,501
Total comprehensive income for the year	-	(126)	(126)
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

The notes on pages 9 to 18 are an integral part of these financial statements

A.C.L. Limited

Cash flow statement

31 March 2010

	2010 £'000	2009 £'000
Cash flows from operating activities		
Loss before tax	(1,928)	(175)
Adjustments for		
- Interest payable	5,484	520
- Depreciation	20,886	2,512
- (Profit) / loss on sale of property, plant and equipment	(6)	4
Changes in operating assets and liabilities		
- Increase in trade and other receivables (excluding amounts due from group companies)	(1,432)	(5,202)
- Increase in trade and other payables	9,279	8,671
Proceeds from disposal of property, plant and equipment	2,350	40
Cash generated from operations	34,633	6,370
Interest paid	(5,484)	(520)
Taxation paid	-	-
Net cash generated from operating activities	29,149	5,850
Cash flows from investing activities		
Purchase of property, plant and equipment	(105,465)	(91,401)
Net cash used in investing activities	(105,465)	(91,401)
Cash flows from financing activities		
Proceeds from intercompany borrowed funds	76,316	85,551
Net cash generated from financing activities	76,316	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 18 are an integral part of these financial statements

Notes to the financial statements

31 March 2010

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

IAS 1 (revised), "Presentation of financial statements" The revised standard prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). As there have been no non-owner changes in equity, only a statement of comprehensive income has been presented in these financial statements. The financial statements have been prepared under the revised disclosure requirements, the application of this revised standard, which affects presentation only, has not had any impact for amounts recognised in these financial statements.

IAS 16 (revised) "Property Plant and Equipment" The revised standard requires proceeds from the sale of property plant and equipment that have been held for rental to others to be recognised as revenue. The monetary impact of this change can be seen in note 4.

Improvements to IFRSs (issued May 2008) This sets out minor amendments to IFRS standards as part of 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.

Reclassification of 2009 comparatives

The restated comparatives reflect the changes to IAS 16 reflected in the accounts and commented on above. The following items have been reclassified in the 2009 comparatives as required by the retrospective application of the amendment to IAS 16, adopted on 1 April 2009. Details of amounts and account items affected are provided below:

	Reclassified £'000	Adjustment £'000	Previously Reported £'000
Statement of comprehensive income			
Revenue	3,683	40	3,643
Direct costs	(3,090)	(40)	(3,050)

The reclassifications have had £nil impact on the loss before or after tax, £nil impact on net assets and £40,000 increase to cash generated from operations.

Going Concern

The Company is reliant on funding provided by Lloyds TSB Bank plc. Notwithstanding the improvement in market liquidity during 2009 and the early part of 2010, the Company's ultimate parent company, Lloyds Banking Group plc, continues to be reliant on UK Government sponsored measures to maintain its wholesale funding position. 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.

Notes to the financial statements

31 March 2010

1 Accounting policies (continued)

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 trade receivables, prepayments and amounts due from group companies. Financial liabilities comprise borrowings and trade and other payables.

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. 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 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 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.

Notes to the financial statements

31 March 2010

1 Accounting policies (continued)

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. 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

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

A C.L. Limited

Notes to the financial statements

31 March 2010

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 1.4 and 1.6 above.

4 Operating profit

The following items have been included in arriving at operating profit

	2010 £'000	2009 £'000
Revenue		
Aggregate rentals receivable from operating lease contracts	30,822	3,636
Fleet management fees	24	3
Proceeds from disposal of property, plant and equipment	2,350	40
Other income	139	4
	=====	=====
	33,335	3,683
	=====	=====
Expenses		
<i>Direct costs</i>		
Cost of sale on disposal of property, plant and equipment	2,344	44
Depreciation of property, plant and equipment	20,886	2,512
Other direct costs	4,080	534
	=====	=====
	27,310	3,090
	=====	=====
<i>Administrative expenses</i>		
Charges payable to fellow group company (note 14)	2,469	248
	=====	=====

Operating profit includes profit on disposal of property, plant and equipment of £6,000 (2009: loss of £4,000). The Company did not directly employ any person during the period (2009: none). Accounting and administrative services were provided by Lex Autolease Limited, a fellow subsidiary undertaking.

5 Finance costs

	2010 £'000	2009 £'000
Interest payable to fellow group company (note 14)	5,484	520
	=====	=====

A.C.L. Limited

Notes to the financial statements

31 March 2010

6 Taxation

a) Analysis of credit for the year

	2010 £'000	2009 £'000
UK corporation tax		
- Current tax charge on loss for the year	5,071	654
- Adjustment in respect of prior years	(11)	-
	-----	-----
Current tax charge	5,060	654
Deferred tax		
- Origination and reversal of timing differences	(5,600)	(703)
	-----	-----
Deferred tax credit (note 11)	(5,600)	(703)
	-----	-----
Total tax credit	(540)	(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

	2010 £'000	2009 £'000
Trade receivables	5,373	4,587
Prepayments	1,261	615
Due from group companies (note 14)	-	4,501
	-----	-----
	6,634	9,703
	=====	=====

Trade and other receivables are due within one year There is no provision for impairment of trade receivables (2009 £nil)

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

Trade receivables are classified as follows

	2010 £'000	2009 £'000
Neither past due nor impaired	4,868	3,840
Past due but not impaired	505	747
	-----	-----
	5,373	4,587
	=====	=====

A.C.L. Limited

Notes to the financial statements

31 March 2010

7 Trade and other receivables (continued)

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

	2010 £'000	2009 £'000
Good quality	3,487	1,527
Satisfactory quality	979	2,256
Lower quality	402	57
	-----	-----
	4,868	3,840
	=====	=====

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

Trade receivables which are past due but not impaired

	2010 £'000	2009 £'000
Past due up to 30 days	443	659
Past due from 30 to 60 days	55	88
Past due from 60 to 90 days	7	-
	-----	-----
	505	747
	=====	=====

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 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
	=====

A.C.L. Limited

Notes to the financial statements

31 March 2010

8 Property, plant and equipment (continued)

	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	-
	=====

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

	2010 £'000	2009 £'000
Not later than one year	53,765	26,082
Later than one year and not later than five years	85,309	46,909
Later than five years	331	-
	-----	-----
	139,405	72,991
	=====	=====

9 Borrowings

	2010 £'000	2009 £'000
Borrowings from group companies (note 14)	157,366	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 4.61% and 5.29% (2009: 5.13% and 5.23%).

10 Trade and other payables

	2010 £'000	2009 £'000
Trade payables	152	9
Accruals	14,476	7,101
Other taxes	3,322	1,561
	-----	-----
	17,950	8,671
	=====	=====

Trade and other payables include £1,672,000 which are due after more than one year (2009: £244,000).

A.C.L. Limited

Notes to the financial statements

31 March 2010

11 Deferred tax

The movement in the deferred tax asset is as follows

	2010 £'000	2009 £'000
At 1 April	703	-
Credit to statement of comprehensive income (note 6 a))	5,600	703
At 31 March	6,303	703

None of the deferred tax asset at 31 March 2010 is expected to be recovered within one year (2009 £nil)

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

	2010 £'000	2009 £'000
Accelerated capital allowances	5,600	703

The deferred tax asset at 31 March comprises

	2010 £'000	2009 £'000
Accelerated capital allowances	6,303	703

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

In July 2010, Finance Act 2 was enacted and this included a reduction of the UK corporation tax rate from 28% to 27% with effect from 1 April 2011. As the tax rate change was not substantively enacted at the reporting date, deferred tax has been calculated at 28%. If this change had been substantively enacted, the deferred tax asset as at 31 March 2010 would have decreased by approximately £218,000 and the credit in the statement of comprehensive income would have decreased by approximately £218,000.

12 Capital commitments

At 31 March 2010, the Company had placed orders for motor vehicles, in order to satisfy customer requirements, of £7,378,000 (2009 £3,397,000)

13 Share capital

	2010 £'000	2009 £'000
Authorised, issued and fully paid 100,000 ordinary shares of £1 each	100	100

A.C.L. Limited

Notes to the financial statements

31 March 2010

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		
	2010 £'000	2009 £'000
Balances due from group companies		
Black Horse Finance Management Limited	-	4,501
	=====	=====
Balances due to group companies		
Lex Autolease Limited	157,366	85,551
	=====	=====
The balances due to group companies comprise of operating and funding balances		
	2010 £'000	2009 £'000
Interest payable:		
Lex Autolease Limited	5,484	520
	=====	=====
Charges payable		
Lex Autolease Limited	2,469	248
	=====	=====

Charges payable comprise management fees

Directors and key management personnel

No remuneration was paid or is payable by the Company to the directors (2009: £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 2010

15 Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 March 2010 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
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 2010
Amendments to IAS 24 <i>Related Party Transactions</i>	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 <i>Financial Instruments Classification and Measurement</i> ¹	Simplifies the way entities will classify financial assets and reduces the number of classification categories to two fair value and amortised cost. The existing available-for-sale and held-to-maturity categories have been eliminated. Classification will be made on the basis of the objectives of the entity's business model for managing the assets and the characteristics of the contractual cash flows	Annual periods beginning on or after 1 January 2013
IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	Provides accounting guidance for non-reciprocal distributions of non-cash assets to owners (and those in which owners may elect to receive a cash alternative)	Annual periods beginning on or after 1 July 2009

¹ At the date of this report, this pronouncement is awaiting EU endorsement

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