

# Highway Vehicle Leasing Limited

Registered number 1697114

## Report and Accounts 2006

Registered office

25 Gresham Street  
London  
EC2V 7HN

Directors

M P Kilbee  
D K Potts

Secretary

D A Saunders



Member of Lloyds TSB Group

# Highway Vehicle Leasing Limited

## Report of the directors

### Principal activities

The principal activity of the Company is the provision of motor vehicle financing. The Company is a limited liability company incorporated and domiciled in England and Wales.

### Review of business

The Company did not trade or incur any liabilities and consequently has made neither profit nor loss during the year ended 31 December 2006. On 1 January 2006 the Company transferred its investment in Highway Contract Hire Limited to Black Horse Finance Management Limited, a fellow subsidiary of Lloyds TSB Group Plc, at book value.

### Future Prospects

There are no plans for the Company to commence trading in the foreseeable future.

### Directors

The names of directors of the Company are shown on page 1. Mr J L Davies resigned as a director on 18 December 2006. Both of the other directors held office throughout the year.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the year 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.

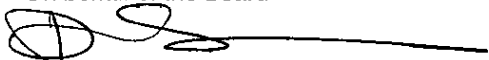
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the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

### 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.

On behalf of the Board



D A Saunders  
Company Secretary

9 Jan 2007

# Report of the independent auditors to the member of Highway Vehicle Leasing Limited

We have audited the financial statements of Highway Vehicle Leasing Limited for the year ended 31 December 2006 which comprise the Balance Sheet, 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 Directors' report and consider its implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2006 and of its 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

16<sup>th</sup> July 2007

# Highway Vehicle Leasing Limited

## Balance sheet

31 December 2006

	Note	2006 £'000	2005 £'000
<b>ASSETS</b>			
Due from related parties	4	16,000	16,000
Fixed asset investment	2	-	350
<b>Total assets</b>		<b>16,000</b>	<b>16,350</b>
<b>LIABILITIES</b>			
Due to related parties	4	-	350
<b>EQUITY</b>			
Share capital	3	1,288	1,288
Capital redemption reserve		100	100
Retained profit		14,612	14,612
<b>Total equity</b>		<b>16,000</b>	<b>16,000</b>
<b>Total liabilities and equity</b>		<b>16,000</b>	<b>16,350</b>

The notes on pages 6 to 7 are an integral part of these financial statements

The financial statements on pages 4 to 7 were approved by the board of directors on  
signed on its behalf by

9 Jan

2007 and were



Director

# Highway Vehicle Leasing Limited

## Cash flow statement

31 December 2006

	2006 £'000	2005 £'000
<b>Cash flows from investing activities</b>		
Proceeds from disposal of subsidiaries	(350)	-
Net cash generated from investing activities	(350)	-
<b>Cash flows from financing activities</b>		
Increase in loans to related parties	350	-
Net cash used in financing activities	350	-
<b>Net increase in cash and cash equivalents</b>	-	-
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	-	-

The notes on pages 6 to 7 are an integral part of these financial statements

# Highway Vehicle Leasing Limited

## Notes to the financial statements

31 December 2006

### 1 Accounting policies

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

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention.

An income statement and a statement of changes in equity are not presented in these financial statements as these would show nil amounts for the current and preceding financial years.

#### 1.2 Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate provision is made.

#### 1.3 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

### 2 Investment

	Subsidiary £'000
<b>Cost</b>	
At 1 January 2006	350
Transfer to fellow group undertakings	(350)
At 31 December 2006	-
	=====

The investment in Highway Contract Hire Limited (a dormant, wholly owned subsidiary undertaking, registered in England and Wales) was transferred to Black Horse Finance Management Limited on 1 January 2006.

### 3 Share capital

	Authorised		Allotted and fully paid	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Ordinary shares of 10p	1,223	1,223	1,159	1,159
Preferred ordinary shares of 10p	129	129	129	129
18% Cumulative redeemable preference shares of 10p each	100	100	-	-
Unclassified shares of £1	3,548	3,548	-	-
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	5,000	5,000	1,288	1,288
	=====	=====	=====	=====

# Highway Vehicle Leasing Limited

## Notes to the financial statements

31 December 2006

### 4 Related party transactions

Until 31 December 2005, the Company's immediate parent company was Highway Vehicle Management Limited. On 1 January 2006, ownership of the Company was transferred to Black Horse Finance Management Limited. The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Lloyds TSB Bank plc is the parent undertaking of the smallest such group of undertakings. The registered office of Lloyds TSB Group plc is Henry Duncan House, 120 George Street, Edinburgh, EH2 4LA. Copies of the group accounts of both may be obtained from the Company Secretary's Office, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN.

The outstanding balances with related parties at the year end are as follows

	Group Companies	
	2006 £'000	2005 £'000
<b>Receivables from related parties:</b>		
Highway Vehicle Management Limited	-	16,000
Black Horse Finance Management Limited	16,000	-
	<u>16,000</u>	<u>16,000</u>
<b>Payables to related parties:</b>		
Highway Contract Hire Limited	-	350
	<u>-</u>	<u>350</u>

#### Directors and key management personnel

No remuneration was paid or is payable by the Company to the directors (2005 £nil). The directors are employed by other companies in the Lloyds TSB Group and consider that their services to this Company are incidental to their 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.