

BLACK HORSE FINANCE LIMITED

REPORT AND ACCOUNTS 1999

Registered office

51 Holdenhurst Road
Bournemouth
Dorset BH8 8EP

Registered number

2123008

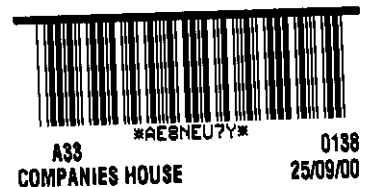
Directors

J L Davies (Chairman)
T C Bullock (Managing Director)
D K Potts
M P Kilbee

Secretary

S O'Connor

Member of Lloyds TSB Group



BLACK HORSE FINANCE LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The company's principal activity is the provision of financial services and activities ancillary thereto.

BUSINESS REVIEW

Both the level of business and the year end financial position were satisfactory and the directors expect the level of activity to continue for the foreseeable future.

RESULTS AND DIVIDEND

The profit after taxation for the year ended 31 December 1999 amounted to £2,765,000 as set out in the profit and loss account on page 5. An interim dividend of £3,200,000 is proposed for the year.

DIRECTORS

The names of the directors of the company are shown on page 1.

Mr. J.M. Bury was appointed a director of the company on 12 April 1999 and resigned as a director of the company on 14 April 2000. Mr. T.C. Bullock was appointed a director and elected managing director of the company on 3 November 1999. Mr. P. F. Hook resigned as a director and chairman of the company on 31 December 1999 and Mr. J.L. Davies was appointed a director and elected chairman of the company on 1 January 2000. Mr. D.K. Potts was appointed a director of the company on 4 May 2000.

DIRECTORS' INTERESTS

The interests of those who were directors of the company at the end of the year but who were not also directors of Lloyds UDT Finance Limited in the capital of Lloyds TSB Group plc were:

Shares:

	At 1 January 1999 (or later date of appointment)	At 31 December 1999
T C Bullock	609	609
M P Kilbee	32,271	30,077

Options to acquire shares:

	At 1 January 1999 (or later date of appointment)	Granted	Exercised	At 31 December 1999
T C Bullock	15,146	-	-	15,146
M P Kilbee	12,146	4,000	-	16,146

None of these directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

BLACK HORSE FINANCE LIMITED

REPORT OF THE DIRECTORS (Continued)

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

The company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the company owed no amounts to trade creditors at 31 December 1999, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil.

YEAR 2000

Lloyds UDT Finance Limited, of which the company is a subsidiary, recognised the far-reaching implications of the problems which might have arisen from the failure of systems to acknowledge dates before, on or after 1 January 2000, and the Lloyds UDT Finance Group's policy was to ensure that the systems and business processes were not affected by these problems.

The successful implementation of the Lloyds UDT Finance Group's year 2000 programme represented the culmination of many years work. This comprehensive programme ensured the continued progress of the group's systems, processes and infrastructure.

All costs relating to the company's year 2000 preparations were borne by Lloyds UDT Finance Limited and have been disclosed in that company's accounts.

By Order of the Board,



S. O'CONNOR
Secretary

14 July 2000

BLACK HORSE FINANCE LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS OF BLACK HORSE FINANCE LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

Company law requires the directors to prepare financial statements for each financial year which 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 accounting standards 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.

Our responsibilities, as independent auditors, are established by statute in the United Kingdom, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

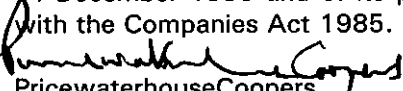
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
And Registered Auditors

14 July 2000

The Quay
30 Channel Way
Ocean Village
Southampton SO14 3QG

BLACK HORSE FINANCE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> £000	<u>1998</u> £000
TURNOVER	2	15,850	9,956
OTHER OPERATING CHARGES		(5,954)	(4,509)
INTEREST PAYABLE	6	(5,932)	(4,824)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,964	623
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	(1,199)	(195)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,765	428
DIVIDEND DECLARED		(3,200)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR		(435)	428
RETAINED PROFIT BROUGHT FORWARD		468	40
RETAINED PROFIT CARRIED FORWARD		33	468

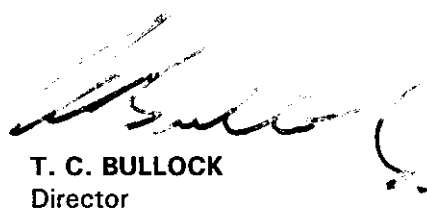
There are no recognised gains and losses other than the profit for the year and all operations are continuing.

The notes on pages 7 to 10 form part of these accounts.

BLACK HORSE FINANCE LIMITED**BALANCE SHEET****AT 31ST DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> £000	<u>1998</u> £000
CURRENT ASSETS			
Debtors: due within one year	8	38,581	26,575
due after more than one year	8	118,194	50,285
		<hr/>	<hr/>
		156,775	76,860
PREPAYMENTS AND ACCRUED INCOME			
	9	6,109	1,619
		<hr/>	<hr/>
		162,884	78,479
CREDITORS: amounts falling due within one year			
	10	(142,698)	(66,047)
		<hr/>	<hr/>
NET CURRENT ASSETS		20,186	12,432
ACCRUALS AND DEFERRED INCOME			
	11	(20,153)	(11,964)
		<hr/>	<hr/>
NET ASSETS		33	468
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account		33	468
		<hr/>	<hr/>
SHAREHOLDER'S FUNDS	13	33	468
		<hr/>	<hr/>

The notes on pages 7 to 10 form part of these accounts.


T. C. BULLOCK
Director

14 July 2000

BLACK HORSE FINANCE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(A) Basis of Preparation of Accounts

The accounts are prepared under the historical cost convention.

(B) Accounts Presentation

The accounts have been prepared in accordance with Schedule 4 of the Companies Act 1985 and all applicable accounting standards.

(C) Interest Receivable

Interest receivable from advances to customers is credited to the profit and loss account over the periods of the loan agreements mainly using the sum of the digits method.

(D) Insurance Commission Receivable

Insurance commission receivable is credited to the profit and loss account at the commencement of the agreement for secured agreements and over the period of the loan for unsecured agreements.

(E) Initial Expenses

Introductory commission and expenses incurred on advances is charged to the profit and loss account over the expected lives of the loans using the sum of the digits method. Other initial expenses are written off as incurred.

(F) Provision for Bad and Doubtful Debts

Loans and advances are written off where there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their estimated realisable values.

(G) Pensions

Pension arrangements for the majority of staff are operated by the Lloyds UDT Finance Group, of which the company is a member, through defined benefit schemes, the assets of which are held in separate trustee administered funds.

The pension costs relating to these schemes are assessed across the Lloyds UDT Finance Group as a whole in accordance with the advice of qualified actuaries using the projected unit method. Variations from the regular cost are allocated by equal instalments over the remaining service lives of current employees. Staff not included in defined benefit schemes are members of externally administered defined contribution schemes or are included in the State Pension Scheme.

Contributions to defined benefit schemes, which are based upon the total pension cost for the Lloyds UDT Finance Group as a whole, are charged to the profit and loss account so as to spread the expected cost of pensions calculated in accordance with actuarial advice on a systematic basis over employees' working lives.

2 TURNOVER

The turnover of the company comprises the aggregate amount of interest and insurance commission receivable during the period in respect of advances and other accounts. The company operates only in the United Kingdom.

BLACK HORSE FINANCE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)****3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

All overhead expenses (including auditors' remuneration and directors' emoluments) are paid by other group companies and recharged by a management charge to the company.

4 DIRECTORS' EMOLUMENTS

The directors are paid by other group companies. The aggregate of the emoluments of the directors relating to the company was £5,638 (1998: £NIL). Retirement benefits are accruing to 4 directors (1998: 3) under defined benefit pension schemes. The number of directors who exercised share options was one (1998: none).

5 STAFF COSTS

All staff are paid by other group companies.

6 <u>INTEREST PAYABLE</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Intermediate parent undertaking	5,932	4,824
	<u> </u>	<u> </u>

7 TAXATION

The taxation charge is based on the profit for the year and a tax rate of 30.25% (1998:31%), and is made up as follows:

On profit for the year:		
Corporation tax	1,199	193
Adjustments to previous years:		
Corporation tax	-	2
	<u>1,199</u>	<u>195</u>
	<u> </u>	<u> </u>

8 <u>DEBTORS</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Due within one year:		
Trade debtors – customer advances less provisions	38,283	26,052
Other debtors	298	523
	<u>38,581</u>	<u>26,575</u>
	<u> </u>	<u> </u>
Due after more than one year:		
Trade debtors – customer advances less provisions	118,194	50,285
	<u> </u>	<u> </u>

BLACK HORSE FINANCE LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)**

9	<u>PREPAYMENTS AND ACCRUED INCOME</u>	<u>1999</u> £000	<u>1998</u> £000
	Introductory commission and expenses unexpired	6,109	1,619
		=====	=====
10	<u>CREDITORS: amounts falling due within one year</u>	<u>1999</u> £000	<u>1998</u> £000
	Bank overdraft	61	172
	Trade creditors	33	17
	Amounts owed to group companies	137,087	65,024
	Corporation tax payable	898	193
	Other creditors	1,419	641
	Dividend payable	3,200	-
		-----	-----
		142,698	66,047
		=====	=====
11	<u>ACCRUALS AND DEFERRED INCOME</u>	<u>1999</u> £000	<u>1998</u> £000
	Unearned interest income	19,168	10,842
	Unearned insurance income	985	1,122
		-----	-----
		20,153	11,964
		=====	=====
12	<u>SHARE CAPITAL</u>	<u>1999</u> £	<u>1998</u> £
	Authorised:		
	Ordinary shares of £1 each	1,000	1,000
		=====	=====
	Allotted, issued and fully paid:		
	Ordinary shares of £1 each	100	100
		=====	=====

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the company is a member. Lloyds UDT Finance Limited is the parent company of the smallest such group of companies.

Copies of the group accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.

BLACK HORSE FINANCE LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)

13	<u>RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS</u>	<u>1999</u> £000	<u>1998</u> £000
	(Loss)/profit for the financial year	(435)	428
	Shareholder's funds brought forward	468	40
		—	—
	Shareholder's funds carried forward	33	468
	Shareholder's funds all relate to equity interests	==	==

14 CASH FLOW STATEMENT

The company is exempted from presenting a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (revised) is included in the accounts of its ultimate parent undertaking, Lloyds TSB Group plc.

15 RELATED PARTY TRANSACTIONS

The company is exempted from reporting intra-group related party transactions in accordance with the requirements of Financial Reporting Standard 8 because it is wholly owned by Lloyds UDT Limited.

16 APPROVAL OF ACCOUNTS

The directors approved the accounts on 14 July 2000.