

Black Horse Finance Management Limited

Registered number 3961947

Report and Accounts 2006



Member of Lloyds TSB Group

Contents

| | | |
|------------------------------------|---|----|
| Company information | - | 2 |
| Directors' report | - | 3 |
| Report of the independent auditors | - | 5 |
| Income statement | - | 6 |
| Balance sheet | - | 7 |
| Statement of changes in equity | | 8 |
| Cash flow statement | | 9 |
| Notes to the financial statements | | 10 |

Company information

Directors

| | |
|-----------|---|
| Directors | D J S Oldfield D K Potts M P Kilbee |
|-----------|---|

| | |
|-----------|--------------|
| Secretary | D A Saunders |
|-----------|--------------|

Black Horse Finance Management Limited is a limited company registered in England No 3961947 and is both incorporated and domiciled in England

Registered office

25 Gresham Street
London
EC2V 7HN

Directors' report

For the year ended 31 December 2006

Business review and principal activities

The principal activity of the Company during the year was that of a holding and management company for its investments in its subsidiaries. It has not traded other than in this capacity during the year. The Company acquired a number of subsidiaries from other group companies on 1 January 2006 as a result of a group reorganisation. A number of the subsidiaries were transferred with a net liability position and in these cases the inter company debtor with these companies has been written down as impaired.

The results for the Company show a loss before tax of £423,537 (2005 nil) for the year.

Future outlook

The Company will continue to act as a holding company and receive dividend income from its trading subsidiaries that will improve the net liability position.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Lloyds TSB Asset Finance Division Limited sub group and are not managed separately. For further details refer to note 2 – "Risk management policy" in these financial statements.

Dividends

No dividend has been proposed or paid in 2006 (2005 nil).

Directors

The names of the current directors are shown on page 2.

The following changes have taken place during the year:

| | |
|----------------|------------------------------|
| J L Davies | (resigned 18 December 2006) |
| D J S Oldfield | (appointed 19 December 2006) |

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 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 in the financial statements,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

Directors' report

For the year ended 31 December 2006

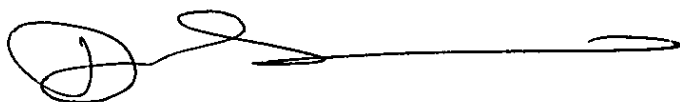
Policy and practice on payment of suppliers

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 DTI Publications Order Line 0845 0150010 quoting ref URN 04/606

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

As the Company owed no amounts to suppliers as at 31 December 2006, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2005 nil)

On behalf of the Board



Deborah Saunders
Company Secretary

13 July

2007

Report of the independent auditors to the member of Black Horse Finance Management Limited

We have audited the financial statements of Black Horse Finance Management Limited for the year ended 31 December 2006 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 Annual Report and 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 members 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 if, in our opinion, 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 the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

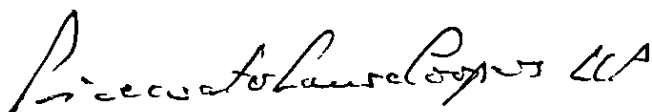
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 loss and cash flows for the year then ended, and
- 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

18th July 2007

Income statement

For the year ended 31 December 2006

| | Note | 2006 £ | 2005 £ |
|--|------|-------------------------|-----------------|
| Dividend income | | 8,001,600 | - |
| Impairment losses on other assets | | (8,425,137) | - |
| Loss before tax | 5 | <u>(423,537)</u> | - |
| Taxation | 7 | - | - |
| Loss for the year attributable to equity shareholders | | <u><u>(423,537)</u></u> | <u><u>-</u></u> |

The notes on pages 10 to 13 are an integral part of these financial statements

Balance sheet

31 December 2006

| | Note | 2006 £ | 2005 £ |
|-------------------------------------|------|--------------------|-----------|
| ASSETS | | | |
| Other assets | 8 | - | 2 |
| Investment in subsidiaries | 9 | 138,545,962 | - |
| Total assets | | <u>138,545,962</u> | <u>2</u> |
| LIABILITIES | | | |
| Other borrowed funds | 10 | 138,969,497 | - |
| Total liabilities | | <u>138,969,497</u> | <u>-</u> |
| EQUITY | | | |
| Share capital | 11 | 2 | 2 |
| Retained losses | | (423,537) | - |
| Total equity | | <u>(423,535)</u> | <u>2</u> |
| Total equity and liabilities | | <u>138,545,962</u> | <u>2</u> |

The notes on pages 10 to 13 are an integral part of these financial statements

The financial statements on pages 6 to 13 were approved by the Board of Directors on 13 July 2007 and were signed on its behalf by



D K Potts – Director

2007

Statement of changes in equity

31 December 2006

| | Share capital £ | Retained profits £ | Total £ |
|----------------------------|-----------------------|--------------------------|------------------|
| At 1 January 2005 and 2006 | 2 | - | 2 |
| Loss for the year | - | (423,537) | (423,537) |
| At 31 December 2006 | <u>2</u> | <u>(423,537)</u> | <u>(423,535)</u> |

The notes on pages 10 to 13 are an integral part of these financial statements

Cash flow statement

Cash flow for the year ended 31 December 2006

| | 2006 | 2005 |
|---|---------------|------|
| | £ | £ |
| Cash flows from operating activities | | |
| Loss before tax | (423,537) | - |
| Adjustment for | | |
| - Dividends received | (8,001,600) | - |
| - Net decrease in other assets | 2 | - |
| Net cash from operating activities | (8,425,135) | - |
| Cash flows from investing activities | | |
| Dividends received | 8,001,600 | - |
| Purchase of subsidiaries | (192,314,450) | - |
| Impairment on investment subsidiaries | 53,768,488 | - |
| Net cash used in investing activities | (130,544,362) | - |
| Cash flows from financing activities | | |
| Net proceeds from borrowed funds | 138,969,497 | - |
| Net cash from financing activities | 138,969,497 | - |
| Net increase/(decrease) in cash and cash equivalents | - | - |
| Cash and cash equivalents at beginning of year | - | - |
| Cash and cash equivalents at end of year | - | - |

The notes on pages 10 to 13 are an integral part of these financial statements

Notes to the financial statements

31 December 2006

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. Black Horse Finance Management Limited is a limited company incorporated in the United Kingdom.

The Company's ultimate parent company, Lloyds TSB Group plc, adopted International Financial Reporting Standards ('IFRS') as adopted by the European Union in its financial statements for the year ended 31 December 2005. The Company adopted IFRS with effect from 1 January 2004.

The financial information has been prepared under the historical cost convention.

1.2 Investments in subsidiaries

Investments in subsidiaries are stated in the balance sheet at cost less any provision for impairment.

1.3 Cash and cash equivalents

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

1.4 Taxation

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

1.5 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

1.6 Impairment of other assets

The Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that an asset or group of assets has become impaired.

If there is objective evidence that an impairment loss has been incurred, a provision is established.

2. Risk management policy

The Company's operations do not expose it to any significant interest rate risk, credit risk or foreign exchange risk as its transactions are substantially intragroup and borrowings are generally at a floating interest rate. Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by the intermediate parent, Lloyds TSB Asset Finance Division Limited, and the ultimate parent, Lloyds TSB Group plc. The interest rate and liquidity risk faced by the Company is in substance managed and borne by other group companies which fund the Company and credit risk is carefully monitored by Asset Finance Division credit committees and credit functions.

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.

The directors do not consider there to be any critical accounting estimates in applying the Company's accounting policies.

Notes to the financial statements

31 December 2006

4. Directors' emoluments

No director received any fees or emoluments during the year (2005 £nil). The Directors are employed by other companies within the Lloyds TSB Asset Finance Division Limited sub group. Lloyds TSB Asset Finance Division Limited is the parent company of a sub group which comprises several trading companies engaged in a wide range of lending activities. The Directors' services to the Company are considered to be incidental to their other responsibilities within these organisations (see also note 12).

5. Loss before tax

The auditors' remuneration of £2,000 for the year ended 31 December 2006 (2005 £nil) was borne by a fellow group company. For the year ended 31 December 2005 the Company was dormant.

6. Staff costs

The Company did not directly employ any persons during the year (2005 none), accounting and administrative services being provided by Black Horse Limited, a fellow subsidiary undertaking.

7. Taxation

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| a) Analysis of charge for the year | | |
| UK corporation tax | | |
| - Current tax on profits for the year | - | - |
| | ===== | ===== |

The charge for tax on the profit for the year is based on a UK corporation tax rate of 30 per cent (2005 30 per cent).

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to profit before tax to the tax charge for the year is given below.

| | 2006 £ | 2005 £ |
|--|-----------|-----------|
| Loss before tax | (423,537) | - |
| Tax charge thereon at UK corporation tax rate of 30% | (127,061) | - |
| Factors affecting charge | | |
| - Non-allowable and non-taxable items | 127,061 | - |
| | ===== | ===== |
| Tax on profit on ordinary activities | - | - |
| | ===== | ===== |
| Effective rate | - | - |
| | ===== | ===== |

8. Other assets

| | 2006 £ | 2005 £ |
|--|-----------|-----------|
| Amounts owed by group undertakings (see note 12) | - | 2 |
| | ===== | ===== |

During the year a number of subsidiary companies were transferred to the Company in a net liability situation. Where this was the case the inter company debtor with these companies has been written down to £nil in the current year.

Notes to the financial statements

31 December 2006

9. Investment in subsidiaries

| | 2006 £ | 2005 £ |
|--|--------------|-----------|
| Subsidiary undertakings at cost | | |
| Transferred from other group companies | 192,314,450 | - |
| At 31 December | 192,314,450 | - |
| Impairment provisions | | |
| Transferred from other group companies | (53,768,488) | - |
| Charged during the year | - | - |
| At 31 December | (53,768,488) | - |
| Net book value at 31 December | 138,545,962 | - |

Many of the Company's subsidiary companies ceased to trade during the year following a reorganisation within the Lloyds TSB Asset Finance Division sub group. Impairment provisions have been assessed by comparing the latest net assets/liabilities of the subsidiary company with the cost of investments.

As permitted by section 133 of the Companies Act 1985, where the relief afforded under section 131 of the Companies Act 1985 applies, cost is the aggregate of the nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiaries. The directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length. A list of principal subsidiaries is given below. The principal subsidiary undertakings incorporated in Great Britain at 31 December 2006 are as follows:

| Subsidiary undertakings | Company interest % | Nature of business | Accounting reference date |
|-----------------------------------|--------------------------|--------------------|------------------------------|
| ACL Autolease Limited | 100 | Instalment credit | 31 December |
| Autolease Finance Limited | 100 | Instalment credit | 31 December |
| Autolease Holdings Limited | 100 | Holding company | 31 December |
| Car Ownership Finance Limited | 100 | Instalment credit | 31 December |
| Chartered Leasing Limited | 100 | Instalment credit | 31 December |
| CTL Limited | 100 | Instalment credit | 31 December |
| Enterprise Car Finance Limited | 100 | Instalment credit | 31 December |
| Highway Vehicle Leasing Limited | 100 | Instalment credit | 31 December |
| Lloyds TSB Autolease (VH) Limited | 100 | Instalment credit | 31 December |
| MCL Finance Limited | 100 | Instalment credit | 31 December |
| Nimbus Corp Limited | 100 | Instalment credit | 31 December |
| SCT Finance Limited | 100 | Instalment credit | 31 December |
| Standard Finance Limited | 100 | Instalment credit | 31 December |
| VOCS Finance Limited | 100 | Instalment credit | 31 December |

The following subsidiary undertaking is incorporated in the Isle of Man:

| Subsidiary undertakings | Company interest % | Nature of business | Accounting reference date |
|--|--------------------------|--------------------|------------------------------|
| Whitechapel Corporate Services Limited | 100 | Instalment credit | 31 December |

The Company's interest in the majority of these subsidiaries is in the form of ordinary share capital, whereas in some, the Company's interest is in the form of redeemable cumulative preference shares, preference shares and ordinary deferred shares.

10. Other borrowed funds

| | 2006 £ | 2005 £ |
|--|-------------|-----------|
| Borrowings from group undertakings (see note 12) | 138,969,497 | - |

Amounts due to group undertakings are unsecured, repayable on demand and non-interest bearing.

Notes to the financial statements

31 December 2006

11. Share capital

| | 2006 £ | 2005 £ |
|--|-----------|-----------|
| Authorised | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |
| | 100 | 100 |
| | <hr/> | <hr/> |
| Authorised, allotted, issued and fully paid | | |
| 2 ordinary shares of £1 each | 2 | 2 |
| | <hr/> | <hr/> |
| | 2 | 2 |
| | <hr/> | <hr/> |

The 'A' ordinary shares of £1 each carry equal rights in terms of voting, dividends and rights upon winding up

11. Share capital (continued)

The immediate parent company is Lloyds TSB Asset Finance Division 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.

Copies of the ultimate parent company's 2006 annual report and accounts may be obtained from the Company Secretary's Department, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN.

12. Related party transactions

The Company is controlled by Lloyds TSB Asset Finance Division Limited (incorporated in England and Wales). The ultimate parent of the company is Lloyds TSB Group plc (incorporated in Scotland).

The Company is funded by related parties in the normal course of business. The outstanding balances at the year end are as follows:

| | 2006 £ | 2005 £ |
|--|-------------|-----------|
| At 31 December | | |
| Amounts due from group undertakings | | |
| Black Horse Limited | - | 2 |
| | <hr/> | <hr/> |
| Amounts due to group undertakings | | |
| Black Horse Finance Management Ltd | 129,622,276 | - |
| LTSB Asset Finance Division Ltd | 9,347,088 | - |
| Standard Finance Ltd | 133 | - |
| | <hr/> | <hr/> |

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management comprise the directors of the Company and the members of the Lloyds TSB Asset Finance Division board which comprises the statutory directors of that company and certain other senior management. There were no transactions between the Company and key management personnel during the current or preceding year. 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 these groups.

13. Contingent liabilities and commitments

There were no contracted capital commitments or contingencies at the balance sheet date (2005 £nil).