

# **Black Horse Finance Management Limited**

Registered number 3961947

## **Report and Accounts 31 December 2007**

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Member of Lloyds TSB Group

## Company information

### Directors

Directors                      T M Blackwell  
                                     D J S Oldfield  
                                     A P White

Secretary                      D A Saunders

Black Horse Finance Management Limited ("the Company") 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 2007

## Business review and principal activities

The principal activity of the Company during the year was that of a holding and management company for 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 was written down as impaired.

The Company had no transactions, and accordingly made neither a profit nor a loss during the year (2006: loss before tax of £423,537).

## Future outlook

The Company will continue to act as a holding company.

## 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 ("the Division") and are not managed separately. Further details of the Company's and Division's risk management policy are contained in note 2 to the financial statements.

## Policy and practice on payment of suppliers

The Company follows "The Better Payment Practice Code" published by the Department for Business, Enterprise and Regulatory Reform (BERR), regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the BEER 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.

As the Company owed no amounts to suppliers as at 31 December 2007, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2006: nil).

## Dividends

No dividend was paid in the year ended 31 December 2007 (2006: £nil).

## Directors

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

The following changes have taken place during and since the year end:

T M Blackwell	(appointed 28 September 2007)
M P Kilbee	(resigned 30 April 2008)
D K Potts	(resigned 28 September 2007)
A P White	(appointed 30 April 2008)

## 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.

## Directors' report

For the year ended 31 December 2007

### Statement of directors' responsibilities (continued)

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.

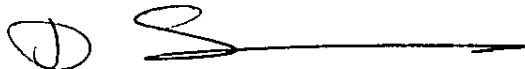
### Auditors and disclosure of information to auditors

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.

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

On behalf of the Board



Deborah Saunders  
Company Secretary

25 July

2008

# 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 2007 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 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 2007 and of its result 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

2008

## Income statement

For the year ended 31 December 2007

	Note	2007 £	2006 £
Dividend income		-	8,001,600
Impairment losses on other assets		-	(8,425,137)
<b>Loss before tax</b>	<b>5</b>	<b>-</b>	<b>(423,537)</b>
Taxation	<b>7</b>	<b>-</b>	<b>-</b>
<b>Loss for the year attributable to equity shareholders</b>		<b>-</b>	<b>(423,537)</b>

The notes on pages 9 to 13 are an integral part of these financial statements

# Balance sheet

As at 31 December 2007

	Note	2007 £	*Restated 2006 £
<b>ASSETS</b>			
Amounts due from group undertakings	8	22,807,551	22,807,551
Investment in subsidiaries	9	138,545,962	138,545,962
<b>Total assets</b>		<b>161,353,513</b>	<b>161,353,513</b>
<b>LIABILITIES</b>			
Other borrowed funds	10	161,777,048	161,777,048
<b>Total liabilities</b>		<b>161,777,048</b>	<b>161,777,048</b>
<b>EQUITY</b>			
Share capital	11	2	2
Retained losses		(423,537)	(423,537)
<b>Total equity</b>		<b>(423,535)</b>	<b>(423,535)</b>
<b>Total equity and liabilities</b>		<b>161,353,513</b>	<b>161,353,513</b>

\*The restatement of comparatives is explained in note 12

The notes on pages 9 to 13 are an integral part of these financial statements

The financial statements on pages 5 to 13 were approved by the Board of Directors on 25 July 2008 and were signed on its behalf by



T M Blackwell,  
Director

## Statement of changes in equity

As at 31 December 2007

	Share capital £	Retained losses £	Total £
At 1 January 2006	2	-	2
Loss for the year	-	(423,537)	(423 537)
At 31 December 2006	2	(423,537)	(423,535)
Result for the year	-	-	-
At 31 December 2007	2	(423,537)	(423,535)

The notes on pages 9 to 13 are an integral part of these financial statements



# Cash flow statement

For the year ended 31 December 2007

	2007 £	2006 £
<b>Cash flows from operating activities</b>		
Loss before tax	-	(423,537)
Adjustment for		
- Dividends received	-	(8,001,600)
- Net decrease in other assets	-	2
Cash used in operations	-	(8,425,135)
<b>Cash flows from investing activities</b>		
Dividends received	-	8,001,600
Purchase of subsidiaries	-	(138,545,962)
Net cash used in investing activities	-	(130,544,362)
<b>Cash flows from financing activities</b>		
Advances from other group companies	-	138,969,497
Net cash flows from financing activities	-	138,969,497
<b>Net movement 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 9 to 13 are an integral part of these financial statements

# Notes to the financial statements

31 December 2007

## 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 (see note 12). Black Horse Finance Management Limited is a limited company incorporated and domiciled in the United Kingdom.

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27 Consolidated and Separate Financial Statements and Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

The Company has net liabilities. The financial statements have been prepared under the historical cost convention and on a going concern basis due to the financial support confirmed as available by the parent company for the foreseeable future.

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

i) IFRS 7 Financial Instruments Disclosures. This standard, which was effective from 1 January 2007, requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments. As a disclosure standard, the application of this new standard has not had any impact on amounts recognised in the financial statements. IFRS 7 supersedes IAS 30 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions' and the disclosure requirements previously contained in IAS 32 'Financial Instruments Presentation'. The IFRS 7 disclosures are set out in note 2.

ii) Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures'. This standard, which was effective from 1 January 2007, requires additional disclosures of the objectives, policies and processes for managing capital. These new capital disclosures are set out in note 14.

### 1.2 Investments in subsidiaries

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

Investments in subsidiaries are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use.

### 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 balance sheet date.

### 1.4 Taxation

Current 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 that are expected to apply when the related deferred tax asset is realised or the 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. The tax effect of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Tax assets and liabilities are offset when they arise in the same tax reporting group and where there is a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 1.5 Dividends

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

# Notes to the financial statements

31 December 2007

## 2. Risk management policy

The Company's operations do not expose it to any significant interest rate risk or credit risk as its transactions are substantially intra-group. The Company's operations are not exposed to any foreign exchange risk. 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.

## 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. There are no significant estimates or judgements that have been used in the preparation of these financial statements.

## 4. Directors' emoluments

No Director received any fees or emoluments during the year (2006: £nil). The Directors 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 other activities within the Group (see note 11).

## 5. Loss before tax

Auditors' remuneration of £2,000 for the year ended 31 December 2007 (2006: £2,000) was borne by a fellow group company.

## 6. Staff costs

The Company did not directly employ any persons during the year (2006: none). Accounting and administration services are provided by a fellow subsidiary undertaking.

## 7. Taxation

	2007 £	2006 £
<b>a) Analysis of charge for the year</b>		
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% (2006: 30%).

### 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 the loss before tax to the tax charge for the year is given below.

	2007 £	2006 £
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	-	-

# Notes to the financial statements

31 December 2007

## 8. Amounts due from group undertakings

	2007 £	* Restated 2006 £
Amounts due from group undertakings (see note 12)	22,807,551	22,807,551

\*The restatement of comparatives is explained in note 12

Amounts due from group undertakings are technically repayable on demand and not subject to impairment

## 9 Investments in subsidiary undertakings

	2007 £	2006 £
<b>Cost</b>		
At 1 January	192,314,450	-
Transferred from other group companies	-	192,314,450
At 31 December	192,314,450	192,314,450
<b>Impairment</b>		
At 1 January	(53,768,488)	-
Transferred from other group companies	-	(53,768,488)
At 31 December	(53,768,488)	(53,768,488)
Net book value at 31 December	138,545,962	138,545,962

Many of the Company's subsidiary companies ceased to trade during 2006 following a reorganisation within the Lloyds TSB Asset Finance Division sub group. Impairment provisions were assessed by comparing the latest net assets and liabilities of the subsidiary company with the cost of investments, and the transfer to the Company was recorded at the resulting net book value.

Interests in group undertakings are stated at cost. 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 at 31 December 2007 are all incorporated in Great Britain.

Subsidiary undertaking	Company interest	Nature of business	Accounting reference date
Enterprise Car Finance Limited	100	Instalment credit	31 December
MCL Finance Limited	100	Instalment credit	31 December
VOCS Finance Limited	100	Instalment credit	31 December

## 10. Other borrowed funds

	2007 £	* Restated 2006 £
Borrowings from group undertakings (see note 12)	161,777,048	161,777,048

\*The restatement of comparatives is explained in note 12

Amounts due from group undertakings are unsecured and technically repayable within three months, although there is no expectation that such a demand would be made (see note 1.1)

# Notes to the financial statements

31 December 2007

## 11. Share capital

	2007 £	2006 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Authorised, allotted, issued and fully paid</b>		
2 ordinary shares of £1 each	2	2

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 both sets of accounts may be obtained from the Company Secretary's Department, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN.

## 12 Related party transactions

A number of transactions are entered into with related parties in the normal course of business. The transactions are principally in respect of group funding arrangements. The outstanding balances at the year end are as follows:

	<b>Group and associated companies</b>	
	2007 £	* Restated 2006 £
<b>At 31 December</b>		
<b>Amounts due from group undertakings</b>		
ACL Autolease Holdings Limited	18,786,226	18,786,226
Lloyds UDT Limited	3,001,325	3,001,325
United Dominions Trust	1,020,000	1,020,000
<b>Total amounts due from group undertakings (see note 8)</b>	<b>22,807,551</b>	<b>22,807,551</b>
<b>Amounts due to group undertakings</b>		
Black Horse Finance Management Limited Dormant companies	129,479,924	129,622,276
LTSB Asset Finance Division Limited	32,297,124	32,154,639
Standard Finance Limited	-	133
<b>Total amounts due to group undertakings (see note 10)</b>	<b>161,777,048</b>	<b>161,777,048</b>

Amounts due from group undertakings and amounts owed to group undertakings as at 31 December 2006 have been restated to reflect the gross value of debtors and creditors. Previously balances were erroneously netted to show a net amount of £138,969,497 due to group companies. The restatement has had no impact on the loss for the year ended 31 December 2006 or on the net assets at 31 December 2006.

### 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 this group.

# Notes to the financial statements

31 December 2007

## 13 Contingent liabilities and commitments

There were no contracted capital commitments or contingencies at the balance sheet date (2006 £nil)

## 14 Post balance sheet events

There were no post balance sheet events requiring disclosure in these financial statements

## 15. 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 shareholders 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 shareholders, return capital to shareholders, 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 Companies and does not raise funding externally

## 16 Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 December 2007 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
IAS 1 Presentation of Financial Statements <sup>1 2</sup>	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	Accounting periods beginning on or after 1 January 2009
IAS 27 Consolidated and Separate Financial Statements <sup>1 2</sup>	Requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control, any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost	Accounting periods beginning on or after 1 July 2009

<sup>1</sup> At the date of this report, these pronouncements are awaiting EU endorsement

<sup>2</sup> Subject to any EU endorsement, the Company has not yet made a final decision as to whether it will apply these pronouncements in the 2008 financial statements

The full impact of these pronouncements is being assessed by the Company. However, the initial view is that none of these pronouncements are expected to cause any material adjustments to the reported numbers in the financial statements