United Dominions Trust Limited
Annual Report and Accounts
2024

Registered number: 00184739

Member of Lloyds Banking Group

The Directors present their Strategic report and audited financial statements for United Dominions Trust Limited (“the Company”) for the year ended 31 December 2024.

Principal activities

The Company provides a range of finance lease products in connection with the financing of motor vehicles and equipment largely to corporate customers.

The Company forms part of Lloyds Banking Group (“the Group”).

The Company is funded entirely by other entities within the Group.

Business overview

The Company's result for the year shows a profit before tax of £13,896,000 (2023: £8,280,000). Net interest income has increased to £22,182,000 (2023: £14,669,000). The Company has made an impairment loss of £1,125,000 (2023: impairment loss of £877,000) during the year primarily as a response to increased loans and advances to customers.

The Company holds net assets of £12,435,000 (2023 £27,915,000). Net assets has decreased mainly due to the interim dividend of £25,900,000 that was paid to Black Horse Finance Holdings Limited in December 2024.

Future outlook

The Company has observed that following an increase of just 3% in 2024, New car and Light Commercial Vehicle ("LCV") registration growth is expected to be muted in 2025 as manufacturers continue to work towards the requirements of the Zero Emission Vehicle ("ZEV") mandate.

Used car price stability returned to the market during 2024, particularly in the latter half and this is expected to continue into 2025 as a result of continued constraint of used supply arising from the shortfall of registrations during the COVID-19 period. However, rising levels in supply of used Battery Electric Vehicles ("BEV") is likely to keep downward pressure on this segment of the market. Used LCV values are showing signs of stabilising with the outlook expected to remain as such, following continued falls during 2024 from what was a considerable peak in early 2023. While used vehicle prices stabilised in 2024 some level of volatility can be expected going forward as the industry deals with the transition to electric. This will be closely monitored by management.

Any adverse changes affecting the United Kingdom (“UK”) economy may have direct and indirect credit and operational exposures. Any further deterioration in global macroeconomic conditions, including as a result of geopolitical events, global health issues or acts of war or terrorism, could have an adverse effect on the Company’s results.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company’s and Group's risk management policy are included in note 19 to the financial statements.

The Company's approach to environmental, social and governance ("ESG") risks is aligned to that of the Group. Further information in respect of the ESG risks in Lloyds Banking Group plc are included within the Strategic report within the Group Annual Report and Accounts for 2024.

Credit risk, liquidity risk, market risk and interest rate risk are managed and monitored by risk teams internal to the Group. Further details of these risks and the risk management policy are contained in note 19 to the financial statements.

Credit risk

Credit risk arises on the individual customer balances, both on the Loans and advances to customers and also any undrawn balances for an existing customer. These loans are continually monitored by the Group's Internal Risk teams for credit performance and to ensure compliance with current regulations and that customers are being treated fairly. Further information can be found in note 19.1.

Liquidity risk

Liquidity risk is the risk of the Company being unable to meet its financial obligations. Liquidity risk is subject to independent oversight by the Group’s Internal Risk teams. The Company's ability to meet its funding obligations is closely monitored by the Group's Corporate Treasury team. Further information can be found in note 19.2.

Principal risks and uncertainties (continued)

Market risk

Market risk exists through changes in market prices. The Company is not exposed to residual value risk, however, there is market risk through macroeconomic factors and this includes interest rate risk.

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis, or are reset at different times. Interest rate risk for the Company includes customer lending and intragroup funding obligations. Further information can be found in note 19.3.

Economic environment

The current financial year has been a year of change and economic uncertainty, with the cost of living crisis, rising geopolitical tensions and an ongoing climate emergency.

These factors have all contributed to increasing the cost of living which impacts the Group and customers of its subsidiaries. In line with the Group's purpose of Helping Britain Prosper and its clear customer focus, the Group continues to provide support to those most affected by changes to the economic environment. The Company will continue to monitor the situation and risks to the business.

Key performance indicators ("KPIs")

The key performance indicators considered for the Company are listed below:

KPI	2024	2023	Analysis
Net interest income (£'000)	**22,182**	14,669	Increase is due to the increase in yields and increase in loans and advances to customers. Some of these increases are partially offset by increases to cost of funds.
Profit before tax (£'000)	**13,896**	8,280	Profit before tax has increased by £5.6m as compared to Dec-23. Net interest income has increased by £7.5m offset by an £1.5m increase in management fees recharged, both driven by an increase in lending to customers.
Loans and advances to customers (£'000)	**808,620**	665,561	Increase is due to strong new business in the fleet market as a result of effective strategy to build the business in 2024 where favourable marketing conditions have been seen, and production of new cars has increased.
ECL ("Expected credit loss") coverage	**0.38%**	0.34%	The increase in ECL coverage is largely due to changes in economic outlook.

Section 172(1) statement

This section (pages 3 to 5) is the Company's Section 172(1) statement for the purposes of the Companies Act 2006 ("the Act"), describing how the Directors have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company under section 172.

This statement provides details of how the Directors have engaged with, and had regard to the interest of key stakeholders. The Company is a subsidiary of the Group, and as such follows many related processes and practices of the Group, which are further referred to in this statement where relevant.

Engagement and decision making

The Directors acknowledge that one of the primary responsibilities of the Board is to ensure the strategy of the Company, as aligned to that of the Group, is to effectively manage its customer base to generate sustainable returns, central to which is ensuring engagement with all stakeholders, and considering in all instances the long-term implications of decisions made, acting at all times to maintain the highest possible standards of conduct and maintaining the Company's reputation.

Customers

The Directors ensure the Company, as part of the Group, works toward achieving the Group's customer ambitions by focussing on customer fair value and by treating customers fairly. The Directors, informed by customer engagement activity across the wider Group, including customers of the Company, have worked to agree customer plans, regularly reviewing customer behaviour, customer pricing and repayment of customer loans, to understand areas where improvements can be made. Customer engagement activity has also informed how the Company supports customers in longer term financial difficulty, with a range of debt management options including repayment plans.

Section 172(1) statement (continued)

Customers (continued)

The Company is an active participant in the Group's broader Transport business initiatives. In response to customer feedback, this includes continued investment in enhancing the customer journey and proposition for our strategic partners and dealer introduced customers, and a longer term project to move onto a new lending platform.

Colleagues

Colleagues remain central to the delivery of the Company's strategic ambitions and this continues to be recognised in the colleague engagement activity undertaken across the Group, in which the Company participates. Group engagement this year included a variety of sessions to discuss topical issues relating to challenges both at and outside of work. As in 2023, the Group Board's Responsible Business Committee has been the designated body for workforce engagement across the Group. The Board considers these arrangements to be effective as they enable a broader range of colleague engagement activities. In continuing to consider arrangements for engaging with the workforce across the Group, the Group Board approved in 2024 a new approach to colleague engagement, to be implemented during 2025. This new approach builds on existing colleague listening activity and will introduce three forums to better represent colleagues particularly at grades where trade union membership is low. The forums will include the People Forum, the People Consultation Forum, and the Management Advisory Forum.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc, forming part of the Consumer Lending Business Unit. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned to those of the Group where required, ensuring that the interests of the Group as the Company's ultimate parent company are duly acknowledged. Further information in respect of the relationship of the Group with its shareholders is included within the Strategic Report within Lloyds Banking Group plc's Annual Report and Accounts for 2024, which does not form part of this report, available on the Lloyds Banking Group website.

Communities and the environment

The Company continues to support the Group's community and environment related initiatives, including Helping Britain Prosper, by considering and responding to the Group's related stakeholder engagement, and actively managing its current book of hire purchase products and other loans in a manner which responds to relevant feedback. In addition, the Company is an integral part of supporting the Group's desire to support the transition to electric vehicles, and participates in a number of commitments the Group has made to support the green agenda, including developing and growing relationships with key strategic Electric Vehicle Original Equipment Manufacturers. Further information in respect of the Group's overall approach to engaging with and contributing to the communities in which it operates is included within the Strategic Report within the Lloyds Banking Group plc Annual Report and Accounts for 2024, which does not form part of this report. Additional information on the Group's role in this regard is available within the Strategic Report and Sustainability Review sections of the Group's Annual Report and Accounts for 2024, available at: https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Regulators

The Company provides quarterly updates to relevant regulators including disclosures on its capital position. Regulatory relationships continue to be important, and are managed to ensure proactive engagement across key regulatory changes and areas of focus. The overall approach to regulatory engagement of the Company aligns to that of the Group, which is detailed further in the Lloyds Banking Group plc Annual Report and Accounts for 2024, which does not form part of this report, and is available on the Lloyds Banking Group website at: https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Suppliers

The Directors ensure the Company, as part of the Group, follows the Group's supplier oversight model. This model assesses supplier activity against a set of risks that this activity poses. The Company as part of the Group's Transport business works with the Group's Consumer Lending Chief Operating Office to understand and agree a supplier risk oversight routine; one which regularly reviews and shares supplier performance and considers risks and mitigations across resiliency of service provision, supplier conduct in delivering customer treatment, alongside data handling and cyber risk oversight. This oversight extends to ensuring the Company pays its suppliers in a timely manner, to help our supplier base prosper. This framework is currently focussed on those suppliers considered to present the highest risk, and the work to understand and mitigate the risk profile of the current supplier base is continual.

Emerging risks

The Directors consider the following to be risks that have the potential to increase in significance and affect the performance of the Company.

The key risks are financial, derived from both physical risks (climate and weather-related events) and transition risks resulting from the process of adjustment towards a low carbon economy. Climate change extends across multiple risk types e.g. credit, market, conduct and operational. For example physical and transition risks could result in the impairment of asset values, which may impact the creditworthiness of our clients, and the products and services our customers require.

The focus on these risks by key stakeholders including businesses, clients, shareholders, governments and regulators is increasing, aligned to the evolving societal, regulatory and political landscape. There also remains a risk that the level and pace of responses taken by the Group are insufficient to mitigate these risks. This could lead to campaign groups or other bodies seeking to take action against the Group or the financial services industry for funding organisations that they deem to be contributing to climate change.

Additionally, the growth of the electric vehicle market as customers transition from Internal Combustion Engine vehicles poses a risk of uncertainty in the residual value estimates that we assume in our pricing, especially in the second hand electric vehicle market which remains relatively immature. This could impact the Company's relative competitiveness in the market where other lenders take a different view of residual values, and/or could result in the need to adjust the Company's impairment provisions.

The Company is out of scope of the Streamlined Energy and Carbon Reporting ("SECR"), as it does not have to report on SECR in its own Director's Report where included in the Group's SECR statement of a UK Group report. Further information in respect of SECR is included within the Lloyds Banking Group plc Annual Report and Accounts for 2024, which does not form part of this report, available on the Lloyds Banking Group plc website.

General

The Directors do not consider there to be any further material issues which need to be included in the Strategic Report.

Approved by the Board of Directors and signed on its behalf by:

N A Williams

24 June 2025

The Directors present their Annual Report and Accounts for the year ended 31 December 2024.

General information

The Company is a private company limited by shares, incorporated, registered and domiciled in England and Wales, United Kingdom (registered number: 00184739).

Registered office

The Company's registered office is 25 Gresham Street, London, EC2V 7HN.

Employees

The Company has no direct employees (2023: nil). All staff are employed by other companies within the Group and where necessary, the relevant staff costs are recharged to the Company. Full details of policies relating to disabled persons, together with details of actions taken regarding the provision of information to employees, their consultation and involvement, are shown in the Lloyds Banking Group plc Annual Report and Accounts for 2024, which does not form part of this report, and is available on the Lloyds Banking Group plc website: https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Dividends

The Company paid an interim dividend to the value of £25,900,000 during the year (2023: £nil), representing a dividend of £25,900,000 per share,

Events after the reporting date

There were no material post balance sheet events.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the Annual Report and Accounts. Thus they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts. Further details regarding the adoption of the going concern basis can be found in note 1.1 to the financial statements.

Directors

The current Directors of the Company are shown below.

P L Hyne
N A Williams

The following changes have taken place between the beginning of the reporting period and the approval of the Annual Report and Accounts.

K Morris	(resigned 31 October 2024)
P L Hyne	(appointed 21 November 2024)

Company Secretary

The Company Secretary is R Beattie.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and accounts.

D D Hennessey	(resigned 8 January 2024)
P Gittins	(appointed 23 January 2024 and resigned 31 July 2024)
R Beattie	(appointed 31 July 2024)

Information included in the Strategic report

The disclosures for future outlook, principal risks and uncertainties, and key performance indicators that would otherwise be required to be disclosed in the Directors' Report can be found in the Strategic Report on pages 1 to 5.

Approach to Corporate Governance

In accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the "Regulations"), for the year ended 31 December 2024, the Company has in its corporate governance arrangements applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles"), which are available at frc.org.uk. The following section explains the Company's approach to corporate governance, and its application of the Principles.

Principle One – Purpose and Leadership

The Board is collectively responsible for the long term success of the Company. It achieves this by agreeing the Company's strategy, within the wider strategy of Lloyds Banking Group plc, and overseeing delivery against it. The Company's strategy is discussed further in the Strategic Report on pages 1 to 5 of these financial statements. The Board also assumes responsibility for the management of the culture, values and wider standards of the Company, within the equivalent standards set by the Group.

Consideration of the needs of all stakeholders is fundamental to the way the Company operates, as is maintaining the highest standards of business conduct, which along with ensuring delivery for customers is a vital part of the corporate culture. The Company's approach is further influenced by the need to build a culture in which everyone feels included, empowered and inspired to do the right thing for customers. To this end, the Board plays a key role in establishing, promoting and monitoring the Company's corporate culture and values, aligning to the culture and values of the Group, which are discussed in more detail in the Strategic and Directors' reports of the Lloyds Banking Group plc Annual Report and Accounts for 2024, which does not form part of this report, and is available on the Lloyds Banking Group website: https://www.lloydsbankinggroup.com/investors/financial-downloads.html

Principle Two – Board Composition

The Company is led by a Board comprising the Executive Directors which can be found on page 6 of this report. The Board considers its composition regularly, and is committed to ensuring it has the right balance of skills and experience. The Board considers that its current size and composition is appropriate to the Company's circumstances. New appointments are made on merit, taking account of the specific skills, experience and knowledge needed to ensure a rounded Board and the benefits each candidate can bring to the Board overall.

The Board undertakes an annual review of its effectiveness, which provides an opportunity to consider ways of identifying greater efficiencies, ways to maximise strengths and highlights areas of further development. The effectiveness review is commissioned by the Board, assisted by the Company Secretary.

Principle Three – Director Responsibilities

The Directors assume ultimate responsibility for the affairs of the Company, and along with senior management are committed to maintaining a robust control framework as the foundation for the delivery of good governance, including the effective management of delegation though related Group processes. Policies are also in place in relation to potential conflicts of interest which may arise. The Chair of the Board assumes responsibility with support from the Company Secretary for the provision to each meeting of accurate and timely information.

Principle Four – Opportunity and Risk

Strategic opportunities which may arise are considered in the first instance by the Board of the Group, as part of the Group Board's role in considering such opportunities relevant to itself and its subsidiaries. Any opportunity which is specifically relevant to the Company is subsequently considered by the Board. The Board is responsible for the long term sustainable success of the Company, generating value for its shareholder and ensuring a positive contribution to society. Key to this is the Company's culture, purpose, values and strategy, as discussed under Principle One, which are closely aligned to those of the Group.

Strong risk management is central to the strategy of the Company, which along with a robust risk and control framework, acts as the foundation for the delivery of effective risk management. The Board agrees the Company's risk appetite, within the wider risk appetite of the Group, and ensures the Company manages risk effectively through delegation within the management hierarchy.

Board level engagement, coupled with the direct involvement of management in risk issues, ensures that escalated issues are promptly addressed and remediation plans are initiated where required. The Company's risk appetite, principles, policies, procedures, controls and reporting are managed in conjunction with those of the Group, and as such are regularly reviewed to ensure they remain fully in line with regulations, law, corporate governance and industry best practice. The Company's principal risks are discussed further on pages 2 and 3.

Principle Five – Remuneration

The Remuneration Committee of the Group assumes responsibility for the approach to remuneration for certain subsidiaries, including that of the Company. This includes reviewing and making recommendations to the Group Board on remuneration policy. Whilst the Company has no direct employees (2023: no direct employees), all staff are employed by an intermediate parent undertaking, Lloyds Bank Asset Finance Limited, and any employee relates charges form part of the management fee.

Approach to Corporate Governance (continued)

Principle Six – Stakeholders

The Company, as part of the Group, operates under the Group's wider approach to responsible business, which acknowledges that the Group and the Company have a responsibility to help address the economic, social and environmental challenges which the UK faces, and as part of this understand the needs of the Group's and the Company's external stakeholders. Central to this is the Group's and the Company's purpose of Helping Britain Prosper. In 2024, the Group Board's Responsible Business Committee provided further oversight and support of the Group's and the Company's plans for embedding responsible business in the Group's and the Company's core purpose.

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the Director who joined the Board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service.

The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' and Strategic reports 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 are required to prepare the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 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.

Directors' confirmations

Each of the Directors, as listed in the Directors' report, confirm to the best of their knowledge that:

- the Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic report and the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Auditor and disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Deloitte LLP is deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

Nick Williams

N A Williams

24 June 2025

Statement of comprehensive income
For the year ended 31 December 2024

	Note	**2024** **£'000**	2023 £'000
Interest income		**58,257**	41,451
Interest expense		**(36,075)**	(26,782)
Net interest income	3	**22,182**	14,669
Other operating income	4	**164**	268
Credit impairment gains/(losses)	5	**(1,125)**	(877)
Other operating expenses	6	**(7,325)**	(5,780)
Profit before tax		**13,896**	8,280
Taxation	9	**(3,476)**	(1,952)
Profit for the year, being total comprehensive income		**10,420**	6,328

The accompanying notes are an integral part of these financial statements.

Balance sheet
As at 31 December 2024

	Note	**2024**	2023
		£'000	£'000
ASSETS			
Trade and other receivables	11	**39,613**	12,653
Loans and advances to customers	12	**808,620**	665,561
Deferred tax asset	13	**346**	414
Total assets		**848,579**	678,628
LIABILITIES			
Borrowed funds	14	**831,930**	648,367
Trade and other payables	15	**67**	28
Provision for liabilities and charges	16	**738**	452
Current tax liability		**3,409**	1,866
Total liabilities		**836,144**	650,713
EQUITY			
Share capital	17	**—**	—
Retained earnings		**12,435**	27,915
Total equity		**12,435**	27,915
Total equity and liabilities		**848,579**	678,628

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

N A Williams

June 2025

Statement of changes in equity
For the year ended 31 December 2024

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2023		—	21,587	21,587
Profit for the year being total comprehensive income		—	6,328	6,328
At 31 December 2023		—	27,915	27,915
Profit for the year being total comprehensive income		**—**	**10,420**	**10,420**
Dividends paid to equity holders of the Company	10	**—**	**(25,900)**	**(25,900)**
At 31 December 2024		**—**	**12,435**	**12,435**

The accompanying notes are an integral part of these financial statements.

Cash flow statement
For the year ended 31 December 2024

	Note	2024	2023
		£'000	£'000
Net cash used in operating activities			
Profit before tax		**13,896**	8,280
Adjustments for:			
- Interest expense	3	**36,075**	26,782
- Net decrease in Provision for liabilities and charges	16	**286**	46
Changes in operating assets and liabilities			
- Net increase in Loans and advances to customers	12	**(143,059)**	(182,521)
- Net decrease/(increase) in Other debtors	11	**92**	(23)
- Net increase/(decrease) in Trade and other payables	15	**39**	(244)
Cash used in operations		**(92,671)**	(147,680)
Tax paid		**(1,865)**	(2,218)
Net cash used in from operating activities		**(94,536)**	(149,898)
Cash flows generated from financing activities			
Increase in net borrowings with Group undertakings	11 & 14	**156,511**	176,680
Dividends paid	10	**(25,900)**	—
Interest paid	3	**(36,075)**	(26,782)
Net cash generated from financing activities		**94,536**	149,898
Change in Cash and cash equivalents		**—**	—
Cash and cash equivalents at beginning of year		**—**	—
Cash and cash equivalents at end of year		**—**	—

The accompanying notes are an integral part of these financial statements.

Note 1. Material accounting policies

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

Note 1.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

No new IFRS Accounting Standards pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2024 and which have not been applied in preparing these financial statements are given in note 23. . No standards have been early adopted.

The financial statements have been prepared under historical cost convention.

The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Note 1.2. Income recognition

Interest income and expense from financial assets and liabilities

Interest income and expense are recognised in the Statement of comprehensive income for all interest bearing financial instruments, including loans and advances, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense to a period of account. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument to the gross carrying amount of the financial asset (before accounting for expected credit losses) or the amortised cost of the financial liability.

Once a financial asset or a group of similar financial assets has become credit impaired, interest income is recognised on the net lending balance (after deducting the allowance for expected credit losses) using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Lease classification

Lease agreements are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee; all other leases are classified as operating leases. When assets are leased under a finance lease, the net present value of the lease payments plus any guaranteed residual value payments, where applicable, is recognised as a receivable within loans and advances to customers. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

Note 1. Material accounting policies (continued)

Note 1.2. Income recognition (continued)

Finance lease income

Finance lease income is recognised over the lease term using the net investment method so as to reflect a constant periodic rate of return on the Company's net investment in the lease. Initial direct incremental costs attributed to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable thus reducing the amount of income recognised over the lease term.

When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the agreement but not future credit losses. The calculation includes all amounts received or paid by the Company that are an integral part of the overall return such as acceptance and, where relevant, early settlement fees as well as direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

Note 1.3. Financial assets and liabilities

Financial assets comprise Trade and other receivables and Loans and advances to customers. Financial liabilities comprise Borrowed funds and Trade and other payables.

On initial recognition, all financial assets are classified and measured at amortised cost. All financial liabilities are measured at amortised cost. The Company initially recognises financial assets and liabilities when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Note 1.4. Impairment to financial assets

i. Credit Impairment losses

The impairment charge in the Statement of comprehensive income includes the change in ECL over the year including those arising from fraud. ECL are recognised for Loans and advances to customers and other financial assets held at amortised cost, together with any loan commitments. ECL are calculated as an unbiased and probability-weighted estimate using an appropriate probability of default ("PD"), adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any repayments and including the impact of discounting using the effective interest rate.

At initial recognition, allowance (or provision in the case of some loan commitments) is made for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk ("SICR"), allowance (or provision) is made for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

Unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since initial recognition, the asset is transferred back to Stage 1.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due. Unless identified at an earlier stage, default is deemed to have occurred when a payment is 90 days past due. A Stage 3 asset that is no longer credit-impaired is transferred back to Stage 2 as no general probation period is applied to assets in Stage 3.

In certain circumstances, the Company will renegotiate the original terms of a customer's loan, either as part of an ongoing customer relationship or in response to adverse changes in the circumstances of the borrower. In the latter circumstances, the loan will remain classified as either Stage 2 or Stage 3 until the credit risk has improved such that it no longer represents a significant increase since origination (for a return to Stage 1), or the loan is no longer credit impaired (for a return to Stage 2). On renegotiation the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual cash flows, which are discounted at the original effective interest rate. Renegotiation may also lead to the loan and associated allowance being derecognised and a new loan being recognised initially at fair value.

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of credit impairment losses recorded in the Statement of comprehensive income. The write-off takes place only once an extensive set of collections processes have been completed, or the status of the account reaches a point where policy dictates that continuing concessions are no longer appropriate.

Note 1. Material accounting policies (continued)

Note 1.4. Impairment to financial assets (continued)

ii. Allowance of credit impairment losses

The calculation of the Company's ECL allowance under IFRS 9 requires the Company to make a number of judgements, assumptions and estimates. The most significant are set out below:

Definition of default

The PD of an exposure, both over a 12 month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due. Unless identified at and earlier stage, default is deemed to have occurred when a payment is 90 days past due.

Significant increase in credit risk

The Company uses both quantitative and qualitative indicators to determine whether there has been a SICR for an asset. A doubling of PD with a minimum increase in PD of 1 per cent since origination and a resulting change in the underlying grade is treated as a SICR. All financial assets are assumed to have suffered a SICR if they are more than 30 days past due. The setting of precise trigger points combined with risk indicators requires judgement. The use of different trigger points may have a material impact upon the size of the ECL allowance.

Application of judgement in adjustments to modelled ECL

Impairment models fall within the Company's model risk framework with model monitoring, periodic validation and back testing performed on model components, such as probability of default. Limitations in the Company's impairment models or data inputs may be identified through the ongoing assessment and validation of the output of the models, which may require appropriate judgemental adjustments to the ECL. These adjustments are determined by considering the particular attributes of exposures which have not been adequately captured by the impairment models and range from changes to model inputs and parameters (in-model adjustments), at account level, through to more qualitative post model adjustments.

Generation of Multiple Economic Scenarios ("MES")

The estimate of ECL is required to be based on an unbiased expectation of future economic scenarios. The approach used to generate the range of future economic scenarios depends on the methodology and judgements adopted. The Company's approach is to start from a defined base case scenario, used for planning purposes, and to generate alternative economic scenarios around this base case. The base case scenario is a conditional forecast underpinned by a number of conditioning assumptions that reflect the Company's best view of key future developments. If circumstances appear likely to materially deviate from the conditioning assumptions, then the base case scenario is updated.

The base case scenario is central to a range of future economic scenarios generated by simulation of an economic model, for which the same conditioning assumptions apply as in the base case scenario. These scenarios are ranked by using estimated relationships with industry-wide historical loss data. With the base case already pre-defined, three other scenarios are identified as averages of constituent scenarios located around the 15th, 75th and 95th percentiles of the distribution. The full distribution is therefore summarised by a practical number of scenarios to run through ECL models representing an upside, the base case, and a downside scenario weighted at 30 per cent each, together with a severe downside scenario weighted at 10 per cent. The scenario weights represent the distribution of economic scenarios and not subjective views on likelihood. The inclusion of a severe downside scenario with a smaller weighting ensures that the non-linearity of losses in the tail of the distribution is adequately captured.

Base Case and MES Economic Assumptions

The Company's base case economic scenario has been updated to reflect ongoing geopolitical developments and changes in domestic economic policy. The Company's updated base case scenario has three conditioning assumptions. First, cross-border conflicts do not lead to major disruptions in commodity prices or global trade. Second, the US pursues a more isolationist economic agenda, with policies including trade tariffs; immigration cuts; and unfunded tax cuts. China, EU and UK are assumed to retaliate to US tariffs imposed on them. Third, UK Budget public investment plans are assumed to have a small but positive impact on trend productivity growth, subject to further review as more specific policy detail emerges.

Based on these assumptions and incorporating the economic data published in the fourth quarter, the Company's base case scenario is for a slow expansion in GDP and a rise in the unemployment rate alongside modest changes in residential and commercial property prices. Against a backdrop of some persistence in inflationary pressures, UK bank rate is expected to be lowered gradually during 2025. Risks around this base case economic view lie in both directions and are largely captured by the generation of alternative economic scenarios.

The Company has accommodated the latest available information at the reporting date in defining its base case scenario and generating alternative economic scenarios. The scenarios include forecasts for key variables in the fourth quarter of 2024, for which actuals may have since emerged prior to publication.

Note 1. Material accounting policies (continued)

Note 1.5. Taxation, including deferred income taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the Balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs ("HMRC") or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each Balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the Balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

Note 1.6. Provision for liabilities, charges and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

Note 1.7. Dividends paid

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

Note 2. Critical accounting judgements and key sources of estimation uncertainty

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.

i. Key sources of estimation uncertainty

The following is the key source of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements:

Note 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

ECL sensitivity to economic assumptions

The table below shows the Company's ECL for the probability-weighted, upside, base case, downside and severe downside scenarios. The stage allocation for an asset is based on the overall scenario probability-weighted probability of default and hence the staging of assets is constant across all the scenarios. Judgemental adjustments applied through changes to model inputs, or more qualitative post model adjustments, are apportioned across the scenarios in proportion to modelled ECL where this better reflects the sensitivity of these adjustments to each scenario. The probability-weighted view shows the extent to which a higher ECL allowance has been recognised to take account of multiple economic scenarios relative to the base case.

	Probability-weighted	**Upside**	**Base**	**Downside**	**Severe downside**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2024	**3,791**	**3,547**	**3,775**	**3,918**	**4,189**
2023	2,697	2,294	2,534	2,907	3,765

ii. Critical accounting judgements

In the course of preparing these financial statements, no critical judgements have been made in the process of applying the Company's accounting policies.

Note 3. Net interest income

	2024	2023
	£'000	£'000
Interest income		
From finance lease and hire purchase contracts	**57,098**	40,881
Group interest income (see note 18)	**1,159**	570
	58,257	41,451
Interest expense		
Group interest expense (see note 18)	**(36,075)**	(26,782)
Net interest income	**22,182**	14,669

Note 4. Other operating income

	2024	2023
	£'000	£'000
Agency fee income (see note 18)	–	1
Other operating income	**164**	267
	164	268

Note 5. Credit impairment gains/(losses)

	Stage 1	**Stage 2**	**Stage 3**	**Total**
31 December 2024	**£'000**	**£'000**	**£'000**	**£'000**
Loans and advances to customers	**(768)**	**–**	**(71)**	**(839)**
Commitments to lend	**(286)**	**–**	**–**	**(286)**
	(1,054)	**–**	**(71)**	**(1,125)**

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	£'000	£'000	£'000	£'000
Loans and advances to customers	(1,110)	285	(6)	(831)
Commitments to lend	(86)	40	–	(46)
	(1,196)	325	(6)	(877)

Note 6. Other operating expenses

	2024	2023
	£'000	£'000
Management charges payable (see note 18)	7,233	5,735
Other expenses	92	45
	7,325	5,780

Management charges payable relate to new business written in the year, and are payable to Black Horse Limited.

Fees payable to the Company's auditors for the audit of the financial statements of £58,477 (2023: £57,330) have been borne by a fellow Group undertaking and are not recharged to the Company, no non-audit services were provided to the Company by auditors. Accounting and administration services are provided by a fellow Group undertaking and are recharged to the Company.

Note 7. Staff costs

The Company did not have any employees during the year (2023: none)

Note 8. Directors' emoluments

The Directors' emoluments payable for services provided to the Company are set out below:

	2024	2023
	£'000	£'000
Aggregate emoluments	89	—
Aggregate post-employment benefits	4	—
	93	—
Highest paid Director:		
Aggregate emoluments	69	—

The amounts reported above are an allocation of a proportion of the Directors' total remuneration insofar as it relates to qualifying services for their role as a Director of the Company and have been borne by a fellow Group undertaking .

During the year, retirement benefits were accruing to two Directors (2023: none) in respect of defined contribution schemes. One Director accrued benefits under a defined benefit scheme (2023: none). Two Directors received shares in Lloyds Banking Group plc under long term incentive plans during the year (2023: none). No Directors exercised share options in the ultimate parent company during the year (2023: none).

Note 9. Taxation

a) Analysis of charge for the year

	2024	2023
	£'000	£'000
UK corporation tax:		
- Current tax on taxable profit for the year	3,408	1,866
Current tax charge	3,408	1,866
UK deferred tax:		
- Origination and reversal of timing differences	68	80
- Impact of deferred tax rate change	—	6
Deferred tax charge (see note 13)	68	86
Tax charge	3,476	1,952

Corporation tax is calculated at a rate of 25.00% (2023: 23.50%) of the taxable profit for the year.

Note 9. Taxation (continued)

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 Profit before tax to the actual tax charge for the year is given below:

	2024 £'000	2023 £'000
Profit before tax	**13,896**	8,280
Tax charge thereon at UK corporation tax rate of 25.00% (2023: 23.50%)	**3,474**	1,946
Factors affecting charge:		
- Effect of change in tax rate and related impacts	**—**	6
- Disallowed and non-taxable items	**2**	—
Tax charge on profit on ordinary activities	**3,476**	1,952
Effective rate	**25.01%**	23.57%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

Note 10. Dividends

The Company paid an interim dividend to the value of £25,900,000 during the year (2023: £nil).

Note 11. Trade and other receivables

	2024 £'000	2023 £'000
Amounts due from Group undertakings (see note 18)	**39,482**	12,430
Other debtors	**131**	223
	39,613	12,653

Amounts due from United Dominions Leasing Limited of £39,482,000 (2023: £12,430,000) are interest bearing based on the Sterling Overnight Interbank Average rate ("SONIA") and are repayable on demand. All amounts due from Group undertakings are included within stage 1 for IFRS 9 purposes.

Note 12. Loans and advances to customers

Note 12.1. Loans and advances to customers - maturity

	2024 £'000	2023 £'000
Advances under finance lease and hire purchase contracts	**811,673**	667,806
Less: allowances for Credit losses on loans and advances	**(3,053)**	(2,245)
Net loans and advances to customers	**808,620**	665,561
of which:		
Due within one year	**491,811**	327,184
Due after one year	**316,809**	338,377
Net loans and advances to customers	**808,620**	665,561

Advances under finance lease and hire purchase contracts of £311,210,000 (2023: £254,565,000) are interest-bearing at variable rates, and £500,463,000 (2023: £413,241,000) are interest-bearing at fixed rates,

Note 12. Loans and advances to customers (continued)

Note 12.1. Loans and advances to customers - maturity (continued)

Loans and advances to customers include finance lease and hire purchase receivables:

	2024	2023
	£'000	£'000
Gross investment in finance lease and hire purchase contracts receivable:		
- no later than one year	**523,857**	355,756
- later than one year and no later than two years	**237,023**	272,439
- later than two years and no later than three years	**71,590**	52,705
- later than three years and no later than four years	**15,621**	21,572
- later than four years and no later than five years	**2,978**	974
- later than five years	**14**	4
	851,083	703,450
Unearned future finance income on finance lease and hire purchase contracts	**(39,410)**	(35,644)
Net investment in finance lease and hire purchase contracts	**811,673**	667,806

The net investment in finance lease and hire purchase contracts may be analysed as follows:

	2024	2023
	£'000	£'000
- no later than one year	**494,865**	329,429
- later than one year and no later than two years	**229,439**	265,052
- later than two years and no later than three years	**69,481**	51,303
- later than three years and no later than four years	**14,995**	21,065
- later than four years and no later than five years	**2,879**	953
- later than five years	**14**	4
	811,673	667,806

The Company provides a range of finance lease products in connection with the financing of motor vehicles and equipment. The leases typically run for periods of between 1 and 5 years. The unguaranteed residual value is £nil (2023: £nil).

During the year, no contingent rentals in respect of finance leases were recognised in the Statement of comprehensive income (2023: £nil)

Further analysis of Loans and advances to customers is provided in note 19.

Note 12. Loans and advances to customers (continued)

Note 12.2. Loans and advances to customers - movement over time

	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Balance at 1 January 2024	**667,394**	**—**	**412**	**667,806**
Transfers to Stage 2	**(7)**	**7**	**—**	**—**
Net increase/(decrease) in loans and advances to customers	**144,052**	**(5)**	**(149)**	**143,898**
Financial assets that have been written off during the year	**—**	**—**	**(31)**	**(31)**
Gross loans and advances to customers at 31 December 2024	**811,439**	**2**	**232**	**811,673**
Less: allowances for Credit losses on loans and advances	**(2,846)**	**—**	**(207)**	**(3,053)**
Net loans and advances to customers at 31 December 2024	**808,593**	**2**	**25**	**808,620**

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Balance at 1 January 2023	478,189	5,754	534	484,477
Transfers to Stage 1	545	(545)	—	—
Net increase/(decrease) in loans and advances to customers	188,660	(5,209)	(99)	183,352
Financial assets that have been written off during the year	—	—	(23)	(23)
Gross loans and advances to customers at 31 December 2023	667,394	—	412	667,806
Less: allowances for Credit losses on loans and advances	(2,078)	—	(167)	(2,245)
Net loans and advances to customers at 31 December 2023	665,316	—	245	665,561

Note 13. Deferred tax asset

The movement in the deferred tax asset is as follows:

	2024 £'000	2023 £'000
Brought forward	**414**	500
Charge for the year (see note 9)	**(68)**	(86)
As at 31 December	**346**	414

The deferred tax charge in the Statement of comprehensive income comprises the following temporary differences:

	2024 £'000	2023 £'000
Accelerated capital allowances	**(82)**	(100)
Other temporary differences	**14**	14
Total charge for the year	**(68)**	(86)

Deferred tax asset comprises:

	2024 £'000	2023 £'000
Accelerated capital allowances	**390**	472
Other temporary differences	**(44)**	(58)
As at 31 December	**346**	414

Note 14. Borrowed funds

	2024	2023
	£'000	£'000
Amounts due to Group undertakings (see note 18)	**831,930**	648,367

Amounts due to Lloyds Bank plc of £126,146,000 (2023: £119,939,000) and Black Horse Finance Holdings Limited of £690,806,000 (2023: £520,639,000) are interest-bearing based on SONIA and repayable on demand, although there is no expectation that such a demand would be made. Amounts due to Black Horse Limited of £14,978,000 (2023: £7,789,000) are not interest-bearing and are repayable on demand.

Note 15. Trade and other payables

	2024	2023
	£'000	£'000
Other payables	**67**	28
	67	28

Note 16. Provision for liabilities and charges

	Undrawn loan commitments
	£'000
At January 2023	406
Charge for the year	46
At December 2023	452
Charge for the year	286
At December 2024	**738**

Undrawn loan commitment provision relates to the expected loss on the loan commitments that the Company has made to its customers for undrawn balances at the year-end. As at 31 December 2024, the undrawn loan commitments provision £738,000 (2023: £452,000) was all categorised as Stage 1 of impairment per the expected loss methodology under IFRS 9.

Note 17. Share capital

	2024	2023
	£'000	£'000
Allotted, issued and fully paid		
1 ordinary share of £1 each (2023: 1 ordinary share of £1 each)	**–**	–

Note 18. Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These include loan, fee and lease transactions. A summary of the outstanding balances at the year end and the related income and expense for the year is set out below.

	2024	2023
	£'000	£'000
Amounts owed by Group undertakings		
United Dominions Leasing Limited (see note 11)	**39,482**	12,430
Amounts due to Group undertakings		
Black Horse Finance Holdings Limited	**690,806**	520,639
Lloyds Bank plc	**126,146**	119,939
Black Horse Limited	**14,978**	7,789
Total Amounts due to Group undertakings (see note 14)	**831,930**	648,367
Interest income		
United Dominions Leasing Limited (see note 3)	**1,159**	570
Interest expense		
Black Horse Finance Holdings Limited	**29,850**	21,270
Lloyds Bank plc	**6,225**	5,512
Total interest expense (see note 3)	**36,075**	26,782
Agency fee income		
Lloyds Bank plc (see note 4)	**—**	1
Management charges payable		
Black Horse Limited (see note 6)	**7,233**	5,735

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's Directors and members of the Lloyds Banking Group plc Board. Members of the Lloyds Banking Group plc Board are employed by other companies within the Lloyds Banking Group and consider that their services to the Company are incidental to their other responsibilities within the Group.

Other than as set out below, there were no transactions between the Company and key management personnel during the current or preceding year.

Key management personnel emoluments

	2024	2023
	£'000	£'000
Salaries and short term employee benefits	**101**	—
Post employment benefits	**3**	—
	104	—

The amounts reported above are an allocation of a proportion of the Directors' total remuneration insofar as it relates to qualifying services for their role as a Director of the Company and have been borne by a fellow Group undertaking .

Note 19. Financial risk management

The Company's operations expose it to credit risk, liquidity risk, interest rate risk and business risk; it is not exposed to any significant market risk or foreign exchange risk. Responsibility for the control of overall risk lies with the Directors, operating within a management framework established by the Retail Division, and the ultimate parent, Lloyds Banking Group plc. The interest rate and liquidity risk faced by the Company are in substance managed and borne by other Group undertakings which fund the Company and credit risk is carefully monitored by Consumer Lending's credit committee and credit functions. Market risk is managed by the Company through the terms negotiated in commercial agreements and management regularly reviewing its portfolio of leases for impairment. Business risk is managed through regular reporting and oversight.

A description of the Company's financial assets and financial liabilities and associated accounting is provided in note 1.

Note 19.1. Credit risk

Credit risk management

Credit risk is the risk that parties with whom the Company has contracted fail to meet their financial obligations (both on and off Balance sheet). Credit risk appetite is set at Board level and is described and reported through a suite of metrics devised from a combination of accounting and credit portfolio performance measures, which include the use of various credit risk rating systems as inputs and assess credit risk at a counterparty level.

For loans and advances, the Company can experience potential losses from both amounts lent and commitments to extend credit to a customer.

Credit risk mitigation

Prudent credit principles, risk policies and appetite statements: The independent Risk division sets out the credit principles, credit risk policies and credit risk appetite statements. Credit principles, risk policies and appetite statements are subject to regular review and governance, with any changes subject to an approval process.

Lending criteria: The Company uses a variety of lending criteria when assessing applications for unsecured lending. The general approval process uses credit acceptance scorecards and involves a review of an applicant's previous credit history using internal data and information held by Credit Reference Agencies. The Company also assesses the affordability and sustainability of lending for each borrower. Affordability assessments for all lending are compliant with relevant regulatory and conduct guidelines. The Company takes reasonable steps to validate information used in the assessment of a customer's income and expenditure.

Stress testing: The Company's credit portfolios are subject to regular stress testing.

Limitations on concentration risk: there are portfolio controls on certain industries, sectors and products to reflect risk appetite as well as individual, customer and bank limit risk tolerances. Credit policies, appetite statements and mandates are aligned to the Group's risk appetite and restrict exposure to higher risk countries and potentially vulnerable sectors and asset classes. Exposures are monitored to prevent both an excessive concentration of risk and single name concentrations. These concentration risk controls are not necessarily in the form of a maximum limit on exposure, but may instead require new business in concentrated sectors to fulfil additional minimum policy and/or guideline requirements.

Individual credit assessment: with the exception of small exposures to small to medium-sized enterprises ("SME") customers where certain relationship managers have limited delegated credit approval authority, credit risk in commercial customer portfolios is subject to approval by the independent Risk division, which considers the strengths and weaknesses of individual transactions, the balance of risk and reward, and how credit risk aligns to the Group and divisional risk appetite. Exposure to individual counterparties, groups of counterparties or customer risk segments is controlled through a tiered hierarchy of credit authority delegations and risk-based credit limit guidances per client group for larger exposures. Approval requirements for each decision are based on a number of factors including, but not limited to, the transaction amount, the customer's aggregate facilities, any risk mitigation in place, credit policy, risk appetite, credit risk ratings and the nature and term of the risk.

Loans and advances to customers - credit concentration

The Company lends predominantly to wholesale customers (being motor traders and corporate customers) geographically located in the United Kingdom.

Loans and advances to customers - gross carrying amount

The analysis of lending has been prepared by applying the Group's rating scales to the Company's impairment model. The internal credit rating systems are set out below. The Group's PD's, that have been applied, include forward-looking information and are based on 12 month values, with the exception of credit impaired.

Note 19. Financial risk management (continued)

Note 19.1. Credit risk (continued)

Loans and advances to customers - gross carrying amount (continued)

At 31 December 2024	**PD Range**	**Gross loans and advances to customers - Loan Quality** Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
CMS 1-10	0.00-0.50%	**32,751**	**—**	**—**	**32,751**
CMS 11-14	0.51-3.00%	**768,410**	**—**	**—**	**768,410**
CMS 15-18	3.01-20.00%	**8,757**	**—**	**—**	**8,757**
CMS 19	20.01-99.99%	**1,521**	**2**	**—**	**1,523**
CMS 20-23	100%	**—**	**—**	**232**	**232**
		811,439	**2**	**232**	**811,673**

At 31 December 2023	PD Range	Gross loans and advances to customers - Loan Quality Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
CMS 1-10	0.00-0.50%	175,262	—	—	175,262
CMS 11-14	0.51-3.00%	218,168	—	—	218,168
CMS 15-18	3.01-20.00%	273,964	—	—	273,964
CMS 20-23	100%	—	—	412	412
		667,394	—	412	667,806

Commitments to lend

At 31 December 2024	**PD Range**	**Gross loans and advances to customers - Loan Commitments** Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
CMS 1-10	0.00-0.50%	**12,361**	**—**	**—**	**12,361**
CMS 11-14	0.51-3.00%	**233,888**	**—**	**—**	**233,888**
CMS 15-18	3.01-20.00%	**1,570**	**—**	**—**	**1,570**
		247,819	**—**	**—**	**247,819**

At 31 December 2023	PD Range	Gross loans and advances to customers - Loan Commitments Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
CMS 1-10	0.00-0.50%	53,338	—	—	53,338
CMS 11-14	0.51-3.00%	101,515	—	—	101,515
CMS 15-18	3.01-20.00%	25	—	—	25
		154,878	—	—	154,878

Commitments to lend consist of undrawn formal standby facilities, credit facilities and other commitments to lend.

Note 19. Financial risk management (continued)

Note 19.1. Credit risk (continued)

Analysis of movement in the allowance for impairment losses by stage

In respect of drawn balances	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
At 1 January 2024	**2,078**	**—**	**167**	**2,245**
Additions/(repayments)	**682**	**—**	**(65)**	**617**
Other items charged to Statement of Comprehensive Income	**86**	**—**	**136**	**222**
Charge for the year (see note 5)	**768**	**—**	**71**	**839**
Financial assets that have been written off during the year	**—**	**—**	**(31)**	**(31)**
At 31 December 2024	**2,846**	**—**	**207**	**3,053**

In respect of drawn balances	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
At 1 January 2023	968	285	184	1,437
Transfers to Stage 1	27	(27)	—	—
Impact of transfers between stages	(17)	—	—	(17)
Additions/(repayments)	922	(258)	(55)	609
Other items (credited)/charged to Statement of Comprehensive Income	178	—	61	239
Charge for the year (including recoveries) (see note 5)	1,110	(285)	6	831
Financial assets that have been written off during the year	—	—	(23)	(23)
At 31 December 2023	2,078	—	167	2,245

The criteria used to determine that there is objective evidence of an impairment is disclosed in more detail in note 1.4.

Note 19.2. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by an intermediate parent company, Lloyds Bank plc, in consultation with the Board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

The Company is funded entirely by companies within the Group. Such funding is repayable on demand, although there is no expectation that such a demand would be made. All other financial liabilities are repayable on demand.

Note 19.3. Interest rate risk

Interest rate risk is the risk of financial loss as a result of adverse movements in interest rates, and arises largely because of timing differences between the repricing of financial assets and liabilities. Interest rate risk is managed at a divisional level, however the Company is exposed to interest rate fluctuations, due to factors outside the Company, and as a result a sensitivity analysis has been prepared to illustrate the impact of a change in the rates.

Interest rate risk - sensitivity analysis

The sensitivity analysis is based on the Company's amounts due to Group undertakings, amounts due to Group undertakings and loans and advances to customers. It takes account of movement in the SONIA rate which is the basis for the interest rate on these balances. A 0.49% (2023: 1.76%) increase or decrease is used to assess the possible change in interest income and expense. This rate is appropriate as this is the actual movement in the SONIA rate across the year.

If the SONIA increased by 0.49% (2023: 1.76%) and all other variables remain constant this would increase interest expense on amounts due to Group undertakings by £3,463,000 (2023: £10,042,000). If SONIA decreased by 0.49% (2023: 1.76%) and all other variables remain constant this would decrease interest expense on amounts due to Group undertakings by £(3,463,000) (2023: £10,042,000).

Note 19. Financial risk management (continued)

Note 19.3. Interest rate risk (continued)

If the SONIA increased by 0.49% (2023: 1.76%) and all other variables remain constant this would increase interest income on amounts due from Group undertakings by £112,000 (2023: £224,000). If SONIA decreased by 0.49% (2023: 1.76%) and all other variables remain constant this would decrease interest expense on amounts due to Group undertakings by £112,000 (2023: £224,000).

If the SONIA increased by 0.49% (2023: 1.76%) and all other variables remain constant this would increase interest income on variable rate loans and advances to customers by £1,430,000 (2023: £3,794,000). If SONIA decreased by 0.49% (2023: 1.76%) and all other variables remain constant this would decrease interest income on variable rate loans and advances to customers by £1,430,000 (2023 : £3,794,000).

Note 19.4. Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

Note 19.5. Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

Note 19.6. Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair values of loans and advances to customers are considered to be level 3 in the valuation hierarchy as their fair value is estimated by discounting anticipated cash flows (including interest at contractual rates) at market rates for similar loans prevailing at the Balance sheet date.

The aggregated fair value of Loans and advances to customers is approximately £773,130,000 (2023: £627,986,000).

Note 20. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern whilst not holding an excessive level of capital relative to the level of risk.

The Board of Directors manages the Company's capital in line with policy set by the Company's ultimate parent. The policy guides the Board of Directors to consider changes in economic conditions and the risk characteristics of the Company's Balance Sheet when determining the amount of capital the Company should have. In order to adjust the Company's capital the Board of Directors may adjust the amount of dividends to be paid to shareholders or issue new shares. It can also take actions to adjust the risk characteristics of the Company's Balance Sheet, for example by selling assets.

The Company's capital includes all components of its equity, movements in which appear in the Statement of Changes in Equity. The Company is funded by its fellow Group undertakings and does not raise capital or funding from sources external to the Group.

Note 21. Contingent liabilities and capital commitments

There were no contracted capital commitments at the Balance sheet date (2023: £nil).

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2020, HMRC concluded its enquiry into the matter and issued a closure notice denying the group relief claim. The Group appealed to the First Tier Tax Tribunal. The hearing took place in May 2023. In January 2025, the First Tier Tribunal concluded in favour of HMRC. The Group believes it has applied the rules correctly and that the claim for group relief is correct. Having reviewed the Tribunal's conclusions and having taken appropriate advice the Group intends to appeal the decision and does not consider this to be a case where an additional tax liability will ultimately fall due. If the final determination of the matter by the judicial process is that HMRC's position is correct, management believes that this would result in an increase in the Company's current tax liabilities of approximately £1,945,000 (including interest). It is unlikely that any appeal hearing will be held before 2026, and final conclusion of the judicial process may not be for several years.

Note 22. Events after the reporting date

There were no material post Balance sheet events.

Note 23. Future developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The impact of these standards are being assessed and they have not been endorsed for use in the UK.

The IASB has issued its annual improvements and a number of minor amendments to IFRS Accounting Standards effective date on or after 1 January 2025, including IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure and IAS 21 The Effects of Changes in Foreign Exchange Rates. These improvements and amendments are not expected to have a significant impact on the Company.

Note 24. Ultimate parent undertaking and controlling party

The immediate parent company is Black Horse Finance Holdings Limited (incorporated in England and Wales). The company regarded by the Directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest Group of undertakings for which Group financial statements are drawn up and of which the Company is a member. Lloyds Bank plc is the parent undertaking of the smallest such Group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group, 33 Old Broad Street, London, EC2N 1HZ. Lloyds Banking Group plc's financial statements may be downloaded via https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Independent auditor's report to the members of United Dominions Trust Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of United Dominions Trust Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included Financial Conduct Authority (FCA) regulation.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, and credit specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Independent auditor's report to the members of United Dominions Trust Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Mark Taylor

Mark Taylor, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

26 June 2025