

Black Horse Group Limited

Annual report and financial statements

2025

Registered number

02498806

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2025

The Directors present their Strategic report and the audited financial statements of Black Horse Group Limited ("the Company") for the year ended 31 December 2025.

Business overview

The Company's results for the year show a Loss before tax of £10,060,000 (2024: Loss before tax of £128,000). Net assets at 31 December 2025 were £1,263,364,000 (2024: £512,424,000).

During the year ended 31 December 2025, the Company recognised distributions of £298,000 from Heidi Finance Holdings (UK) Limited. During prior year, distributions of £30,000 were received from Lotus Finance Limited and £13,000 from Proton Finance Limited. See note 3.

The Company has recognised a provision of £8,700,000 (2024: nil), in respect of joint venture company International Motors Finance Limited being entitled to seek to recover such sums from the Company in relation to motor finance commission arrangements. See note 12.

The Company received proceeds from issuing share capital of £398,000,000 in February 2025 and £363,000,000 in October 2025 from Lloyds Bank Asset Finance Limited. See note 13.

During the year ended 31 December 2025, the Company issued share capital of £784,211,000 (2024: £nil) to its subsidiaries. See note 10.

The Company acts as a holding company for its subsidiaries. It has not traded in any other capacity during the year.

The Company is funded entirely by other companies within Lloyds Banking Group ("the Group").

Future outlook

In order to simplify the Group's legal entity reporting structure, it is the intention of the Directors to place the Company into voluntary liquidation within 12 months of the year end date. Upon completion of the proposed liquidation of Black Horse Group Limited, the Company's remaining risks are expected to be assumed and managed by Lloyds Bank Asset Finance Limited, subject to the relevant transfer arrangements.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Consumer Lending Business Unit within the Group. While these risks are not managed separately for the Company, the Company is a holding company of a number of the Transport entities in the Group's Consumer Lending Business Unit, see Investment in subsidiary undertakings note 10. The Consumer Lending Business Unit is a portfolio of businesses and operates in a number of specialist markets providing both consumer lending and contract hire to personal and corporate customers. Further details of the Company's and Group's risk management policy are contained in note 14 to the financial statements.

A subsidiary of the Company, Black Horse Limited, recognised an additional £500,000,000 provision in 2025, bringing the total provision for the potential impact of the Financial Conduct Authority ("FCA") review into historical motor finance commission arrangements and sales announced in January 2024 to £1,440,000,000 (2024: £940,000,000). The FCA subsequently published its final redress scheme in March 2026. On 2 July 2026 the FCA stated that the schemes have been partially suspended by the Upper Tribunal pending the outcome of challenges from a number of parties. The Company will continue to consider carefully potential implications of any successful challenge to the schemes (whether in full or part) and the regulatory response to the challenge outcome (including a possible "no scheme" scenario).

There is therefore a significant level of uncertainty as to the ultimate financial impact of motor finance commission redress on the Company, and the ultimate financial impact on the Company could materially differ from the amount provided. However, the Directors believe that the provision represents the current best estimate of the potential impact.

The Directors have considered the potential impact on the Company of the FCA's redress scheme, as well as a number of possible modifications to the scheme which might arise as a result of the challenges, which may include the need to provide capital injections from the Company to its subsidiaries, funded by current capital resources of the Company or a capital injection into the Company, to ensure the Company has sufficient liquidity. The Company will continue to assess developments and potential impacts following the outcome of those challenges.

The Company has recognised a provision of £8,700,000 (2024: nil), in respect of International Motors Finance Limited expecting to seek recovery from the Company for a breach of the relevant contractual terms due to historical review into motor commission arrangements.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Strategic report (continued)

For the year ended 31 December 2025

Section 172(1) statement

In accordance with the Companies Act 2006 (the 'Act'), for the year ended 31 December 2025, the Directors provide the following statement describing how they 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. The Company is a holding company and as such not all sections are relevant and therefore not included.

Statement of Engagement with Stakeholders

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the following statement also provides details on how the Directors have engaged with, and had regard to, the interest of key stakeholders. The Company has no direct employees. The Company is a subsidiary of Lloyds Banking Group plc, and as such follows many of the processes and practices of Lloyds Banking Group plc, which are further referred to in this statement where relevant.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group plc, forming part of Lloyds Banking Group plc's 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 where required to those of Lloyds Banking Group plc, ensuring that the interests of Lloyds Banking Group plc as the Company's sole shareholder are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group plc with its shareholders is included within the Strategic Report within the Lloyds Banking Group plc's Annual Report and Accounts for 2025, which does not form part of this report, available on the Lloyds Banking Group plc's website.

How stakeholder interest has influenced decision making

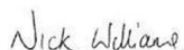
The Directors acknowledge that one of the primary responsibilities of the board is to ensure the strategy of the Company, as aligned to that of Lloyds Banking Group plc, is to effectively manage the subsidiary companies to enable them to generate sustainable returns, central to which is ensuring engagement with 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 to maintain Company reputation.

The Company's subsidiaries form part of the Consumer Lending Business Unit and are engaged in Transport activities. The Transport entities within the Consumer Lending Business Unit are managed on a collective basis. Further, at least one of the Company's Directors sits on the board of each of the subsidiary undertakings to ensure that those companies are acting in the Company's interests and the interests of the Group.

During the year, the Company invested £784,211,000 in its subsidiaries to ensure the subsidiaries have sufficient capital to cover the potential costs of historic motor finance commission arrangement claims.

In order to simplify the Group's legal entity reporting structure, the Directors have decided to terminate the funding arrangements between the Company and Lloyds Bank Asset Finance Limited and United Dominions Trust Limited and to place the Company into voluntary liquidation within 12 months of the year end date.

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



N A Williams

Director

25 September 2026

Directors' report

For the year ended 31 December 2025

The Directors present their report for the year ended 31 December 2025.

General information

The Company is a private company limited by shares, incorporated in the United Kingdom, and registered and domiciled in England and Wales (registered number: 02498806). The Directors in office are listed further in this report and the Company Secretary is D D Hennessey.

Dividends

No dividends were paid or proposed during the year ended 31 December 2025 (2024: £nil).

Events after reporting date

On 16 March 2026, the Company received a dividend of £7,650,000 from its joint venture subsidiary Suzuki Financial Services Limited.

Going concern

In preparing these financial statements, the Directors have determined that it is inappropriate to adopt the going concern basis of accounting. This decision has been made in light of the Directors' intention to place the Company into liquidation. Accordingly, the financial statements have been prepared on a basis other than that of going concern.

Assets have been valued at their estimated realisable amounts and liabilities at the amounts expected to be paid. No adjustment has been made for the realisation of assets in the normal course of business, as the Company will cease trading and its assets will be disposed of as part of the liquidation process. The Company's liability in respect of International Motors Finance Limited motor commission costs (see note 12) will be transferred to another group company prior to liquidation being completed.

The Directors believe that this basis of preparation provides a true and fair view of the Company's affairs in the context of the intended liquidation.

Directors

The current Directors of the Company for the year and up to the date of signing these financial statements are:

T R Smith
S Vijay
N A Williams

There have been no changes to Directors between the beginning of the reporting period and the approval of the Annual report and accounts.

Company Secretary

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

R Beattie	(resigned 9 March 2026)
D D Hennessey	(appointed 9 March 2026)

Registered office

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

Information included in the Strategic report

The disclosures for Principal risks and uncertainties, Future outlook and Key performance indicators that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on page 1.

Directors' report

For the year ended 31 December 2025

Statement of Engagement with Stakeholders

A Statement of Engagement with Stakeholders is included in the Strategic report page 1.

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 Act. 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 any 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 have prepared the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Act. 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 Act, 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 Act. 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 Act, 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 risk and uncertainties that it faces.

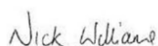
Auditor and disclosure of information to auditor

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

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

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

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



N A Williams

Director

25 September 2026

Statement of comprehensive income

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest expense	14	(149)	(166)
Income from investments	3	298	43
Impairment of investment in subsidiary undertakings	10	(1,509)	(5)
Provisions for liabilities and charges - charge for the year	12	(8,700)	-
Loss before tax		(10,060)	(128)
Taxation	7	-	-
Loss for the year, being total comprehensive expense		(10,060)	(128)

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

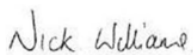
Balance sheet

As at 31 December 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Amounts due from group undertakings	9	22,888	25,392
Investment in subsidiary undertakings	10	1,272,662	489,960
Total assets		1,295,550	515,352
LIABILITIES			
Borrowed funds	11	23,486	2,928
Provision for liabilities and charges	12	8,700	-
Total liabilities		32,186	2,928
EQUITY			
Share capital	13	761,000	-
Retained earnings		502,364	512,424
Total equity		1,263,364	512,424
Total equity and liabilities		1,295,550	515,352

The accompanying notes to the financial statements 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

Director

25 September 2026

Statement of changes in equity

For the year ended 31 December 2025

	Note	Share capital	Retained earnings	Total equity
		£'000	£'000	£'000
At 1 January 2024		-	512,552	512,552
Loss for the year being total comprehensive expense		-	(128)	(128)
At 31 December 2024		-	512,424	512,424
Loss for the year being total comprehensive expense		-	(10,060)	(10,060)
Share capital injection	13	761,000	-	761,000
At 31 December 2025		761,000	502,364	1,263,364

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

Cash flow statement

For the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flows generated from operating activities			
Loss before tax		(10,060)	(128)
Adjustments for:			
- Dividend income	3	(298)	(43)
- Interest expense		149	166
- Impairment of Investment in subsidiary undertakings	10	1,509	5
- Increase in Provision for liabilities and charges	12	8,700	-
Net cash generated from operating activities		-	-
Cash flows generated from investing activities			
Dividends received*	3	298	43
(Increase)/decrease in net lending to group undertakings*		(149)	123
Net cash generated from investing activities		149	166
Cash flows used in financing activities			
Interest paid		(149)	(166)
Net cash used in financing activities		(149)	(166)
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

*The Company does not have a bank account and all movements above are settled via intercompany. Dividends are paid and received in cash, but are paid directly to the parent entity on the Company's behalf.

**Share capital injections to the Company totalling £761,000,000 and shares issued to subsidiaries of £784,211,000 were completed via intercompany and have therefore been excluded from the Cash flow statement.

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

Notes to the financial statements

For the year ended 31 December 2025

1. Material accounting policies

1.1 Basis of preparation

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

The financial statements of the Company have been prepared in accordance with United Kingdom adopted international accounting standards and in conformity with the requirements of the Act. IFRS accounting standards comprise accounting standards prefixed IFRS issued by the IASB and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRSIC") and its predecessor body.

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

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 2025 and which have not been applied in preparing these financial statements are given in note 19. No standards have been early adopted.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

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.

In preparing these financial statements, the Directors have determined that it is inappropriate to adopt the going concern basis of accounting. This decision has been made in light of the Directors' intention to place the Company into liquidation. Accordingly, the financial statements have been prepared on a basis other than that of going concern. No adjustments arose as a result of ceasing to apply going concern basis.

1.2 Income recognition

Dividend income

Dividend income is recognised in the period in which it is declared. Where the subsidiary company does not have a bank account, a related party receivable is recognised in the company and a related party payable is recognised in the subsidiary company in lieu of cash settlement.

Income and expense from financial instruments

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 net carrying amount of the financial asset or financial liability.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings. Financial liabilities comprise Borrowed funds.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

Interest bearing financial assets and financial liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

Amounts due from group undertakings are assessed at the reporting date for impairment on a forward looking basis and where appropriate an expected credit loss ("ECL") is recognised based on reasonable and supportable information.

Notes to the financial statements (continued)

For the year ended 31 December 2025

1. Material accounting policies (continued)

1.4 Taxation

Tax expense comprises current tax. Current tax is 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 another 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.

1.5 Investment in subsidiary undertakings

Investment in subsidiary undertakings is stated in the Balance sheet at cost less any provision for impairment.

Investment in subsidiary undertakings is reviewed for impairment losses at the end of each period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of comprehensive income for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and value in use. For the purposes of assessing impairment, investments are grouped at the lowest level at which cash flows are separately monitored by management.

In the event that the assessment for impairment has indicated that the recoverable amount is higher than the carrying value at the date of the assessment, then amounts in respect of previous impairment losses are reversed to bring the carrying amount to the lower of its recoverable amount or original cost of investment.

1.6 Preference shares

Preference shares which carry a mandatory coupon or are redeemable on a specific date are classified as liabilities. The coupon or dividend on these instruments is recognised in the Statement of comprehensive income as interest expense.

1.7 Provisions for liabilities and charges

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.

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.

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:

Notes to the financial statements (continued)

For the year ended 31 December 2025

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

Impairment of Investment in subsidiary undertakings

The Company regularly reviews its investment in subsidiary undertakings (see note 10) for indicators of impairment. In determining whether impairment has occurred the Company uses a value in use model.

Value in use for the investment in Black Horse Limited, the Company's significant subsidiary investment, is calculated by considering the anticipated future cash flows generated by the subsidiary and outflows related to the settlement of motor commission (Black Horse Limited recognised a further £500,000,000 in respect of motor commission during the year, see 'Motor commission review provision' section below) and funding liabilities. Cash flows include income based on the maturity profile of the existing loan books and projected income from new business.

Black Horse Limited is a main trading entity in the Consumer Lending Business Unit and the principal subsidiary of Black Horse Group Limited. The key judgements in the value in use calculation include:

The key judgements in the Value in use calculation include:

- the growth in new business of 3.5%, assumed to be in line with the Operating Plan for the Company;
- the margin on the lending portfolio, assumed to be in line with the Operating Plan for the Company; and
- cash flows have been discounted back to their current value to take into account the time value of money at a post tax rate of 10.5%. This is the Directors' assessment of the Company's cost of equity used as a discount rate.
- the variables employed in assessing value in use result in a sufficient headroom over of the cost of investment.

The impact of individually decreasing the growth rate by 1% and increasing the discount rate by 1% does not lead to an impairment of the net book value of the Company's Investment in subsidiary undertakings. At these adjusted growth and discount rates, if the subsidiary incurs additional motor finance commission costs that reduce the value in use of the subsidiary below the current carrying value this would represent a trigger event, and the Company would consider whether to inject additional capital into its subsidiary and potentially also impair its Investment in subsidiary undertakings.

Motor commission review provision

The Company has recognised a provision of £8,700,000 (2024: £nil), in respect of International Motors Finance Limited being entitled to seek to recover such sums from the Company under the provisions of the indemnity clause in the shareholder agreement.

Black Horse Limited has recognised a further £500,000,000 (2024: £616,000,000) provision for redress following the publication by the FCA of Consultation Paper CP25/27's in October 2025. The total gross provision recognised prior to any deductions is £1,140,000,000. Since the reporting date the final rules of a redress scheme were published in March 2026. On 2 July 2026 the FCA stated that the schemes have been partially suspended by the Upper Tribunal pending the outcome of challenges from a number of parties. As a result firms are not required to calculate or pay compensation or issue compensation related communications under the original timetable for the schemes, although they must continue preparatory activities and comply with the aspects of the schemes which have not been suspended, including communicating with customers who are not entitled to redress under the schemes. The FCA further stated that if the schemes, or parts thereof, were quashed, the FCA would need to carefully consider all options including a "no scheme" scenario. The FCA announced that firms should plan for this scenario in the event of successful challenge.

The FCA announced on 2 July 2026 that payments to customers will begin in 2027 if the schemes are upheld, based on Upper Tribunal hearing dates in mid December 2026 or late February 2027.

The Company will continue to consider carefully implications of the challenges to the schemes (whether in full or part) and any impact on the existing provision arising from any challenges (whether in full or in part) and the regulatory response to the challenge outcome (including a possible "no scheme" scenario).

The Company continues to receive complaints as well as claims in the County Courts in respect of motor finance commissions. A large number of those claims have been stayed. On 30 June 2026, the Court of Appeal determined that, a case before it involving Black Horse Limited (a member of the Company's Group), multiple unfair relationship claims could be dealt with via one bulk claim form. Leave to appeal has been sought by Black Horse Limited. It remains uncertain how many customers will pursue court action given that the schemes are intended to provide a simpler alternative for redress.

The ultimate financial impact of this issue will be determined by a number of factors still to be resolved in particular, challenge and litigation outcomes, legal developments and there is therefore a significant level of uncertainty as to the ultimate financial impact of motor finance commission redress on the Company, which could materially differ from the amount provided. However, the Directors believe that the current provision represents the Company's current best estimate of the potential impact.

Notes to the financial statements (continued)

For the year ended 31 December 2025

3. Income from investments

	2025 £'000	2024 £'000
Dividend income		
Heidi Finance Holdings (UK) Limited	298	-
Lotus Finance Limited	-	30
Proton Finance Limited	-	13
	298	43

4. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £12,180 (2024: £11,600) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

5. Staff costs

The Company did not have any employees during the year (2024: none).

6. Directors' emoluments

No Director received any fees or emoluments from the Company during the year (2024: £nil). The Directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 14).

7. Taxation

	2025 £'000	2024 £'000
a) Analysis of tax credit for the year		
UK corporation tax:		
- Current tax on loss for the year	-	-

Corporation tax is calculated at a rate of 25.00% (2024: 25.00%) of the taxable loss for the year.

b) Factors affecting the tax credit for the year

A reconciliation of the tax credit that would result from applying the standard UK corporation tax rate to the loss before tax to the actual tax credit for the year is given below:

	2025 £'000	2024 £'000
Loss before tax	(10,060)	(128)
Tax credit thereon at UK corporation tax rate of 25.00% (2024: 25.00%)	2,515	32
Factors affecting credit:		
- Disallowed and non-taxable items	(2,515)	(32)
Tax credit on loss on ordinary activities	-	-
Effective rate	0.00%	0.00%

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.

Notes to the financial statements (continued)

For the year ended 31 December 2025

8. Dividends paid

No dividends were paid or proposed during the year ended 31 December 2025 (2024: £nil).

9. Amounts due from group undertakings

	2025 £'000	2024 £'000
Amounts due from group undertakings (see note 14)	22,888	25,392

All amounts due from group undertakings are non-interest bearing, unsecured and repayable on demand. Amounts due from group undertakings are included within stage 1 for IFRS 9 purposes and the ECL is negligible.

10. Investment in subsidiary undertakings

	2025 £'000	2024 £'000
Cost		
Cost at 1 January and 31 December	493,427	493,427
Additions	784,211	-
Cost at 31 December	1,277,638	493,427
Provision for impairment		
Provision at 1 January	(3,467)	(3,462)
Charge for the year	(1,509)	(5)
Provision at 31 December	(4,976)	(3,467)
Carrying value of investments at 31 December	1,272,662	489,960

The subsidiary undertakings at 31 December 2025 and 31 December 2024, listed below, are all incorporated in England and Wales.

Direct subsidiary undertakings	Company interest	Principal activities	Registered address
Black Horse Limited	100.00%	Financial services	25 Gresham Street, London, EC2V 7HN
Heidi Finance Holdings (UK) Limited	100.00%	Dormant	25 Gresham Street, London, EC2V 7HN
London Taxi Finance Limited ²	100.00%	Non-trading	25 Gresham Street, London, EC2V 7HN
Black Horse (TRF) Limited ²	100.00%	Non-trading	25 Gresham Street, London, EC2V 7HN
Hyundai Car Finance Limited ^{1,2}	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
Shogun Finance Limited	100.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
Suzuki Financial Services Limited	51.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
International Motors Finance Limited	51.00%	Instalment credit	33 Old Broad Street, London, EC2N 1HZ
Inchcape Financial Services Limited	51.00%	Dissolved	1 More London Place, London, SE1 2AF
Lotus Finance Limited ²	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
A G Finance Limited ²	100.00%	Non-trading	33 Old Broad Street, London, EC2N 1HZ
Proton Finance Limited ²	99.995%	Non-trading	33 Old Broad Street, London, EC2N 1HZ

¹ At 31 December 2024, the Company owned 50.01% of Hyundai Car Finance Limited directly and 49.99% indirectly through Heidi Finance Holdings (UK) Limited. On 25 March 2025, the Company purchased Heidi Finance Holdings (UK) Limited's 4,999 ordinary shares in Hyundai Car Finance Limited.

² All subsidiaries listed have the same accounting reference date as the Company with the exception of London Taxi Finance Limited, Black Horse (TRF) Limited, Hyundai Car Finance Limited, Lotus Finance Limited, A G Finance Limited and Proton Finance Limited which have an accounting reference date of 30 June.

³ During the year ended 31 December 2025, Black Horse (TRF) Limited, London Taxi Finance Limited, A G Finance Limited and Hyundai Car Finance Limited all received a share capital injection which triggered an impairment review of the Company's investment in these subsidiaries. The Company's investment in Black Horse (TRF) Limited was impaired by £573,000, London Taxi Finance Limited by £127,000, A G Finance Limited by £125,000 and Hyundai Car Finance Limited by £386,000. All investments were reduced to the subsidiary net book values of £1. Heidi Finance Holdings (UK) Limited had a share capital reduction during the year, which triggered an impairment review of the Company's investment in the subsidiary, resulting in an impairment of £299,000 to Heidi Finance Holdings (UK) Limited's net book value of £1.

The Company's interest in each of these entities is in the form of ordinary share capital.

Notes to the financial statements (continued)

For the year ended 31 December 2025

11. Borrowed funds

	2025 £'000	2024 £'000
Amounts due to group undertakings (see note 14)	21,435	877
Irredeemable preference shares (see note 14)	2,051	2,051
	23,486	2,928

Amounts due to group undertakings is unsecured and repayable on demand, although there is no expectation that such a demand would be made. Amounts due to Eurolead Services Holdings Limited of £1,027,000 (2024: £877,000), Black Horse Limited of £860,000 (2024: £nil) and Lloyds Bank Asset Finance Limited of £19,548,000 (2024: £nil) is non-interest bearing.

The preference shares confer upon the holders the right to receive a cumulative preferential dividend in an amount to be determined by reference to Bank of England base rate plus a margin 3.33 percentage points. On a return of capital in a winding up, the holders shall be entitled to the 1p nominal value, any amount of the preferential dividend due but unpaid, plus 99p per share, in preference to all other classes of shareholders. Holders of these shares are not entitled to receive notice of, attend or vote at a general meeting. In accordance with IAS 32 'Financial instruments: Presentation', the issued shares are reported as liabilities at their fair value at inception. The contractual interest on the preference shares is recognised in Interest expense and the Company's Borrowed funds with Eurolead Services Holdings Limited.

12. Provision for liabilities and charges

	Motor commission review £'000
At 1 January and 31 January 2024	-
Charge for the year	8,700
At 31 December 2025	8,700

During the year, the Company has recognised a provision of £8,700,000 (2024: nil), in respect of joint venture company International Motors Finance Limited being entitled to seek to recover such sums from the Company in relation to motor finance commission arrangements.

The Company's provision represents full reimbursement to International Motors Finance Limited in respect of its motor commission provision. The total £8,700,000 provision represents the International Motors Finance Limited's best estimate of the potential impact of the motor finance issue, but the actual financial outflow could materially differ from the amount provided depending on customer response rates, scheme uphold rates, any further interventions and any broader implications of legal proceedings and complaints. Most claims are expected to be settled by the end of 2027.

13. Share capital

	2025 £'000	2024 £'000
Allotted, issued and fully paid		
761,000,001 ordinary shares of £1 each (2024: 1 ordinary share of £1 each)	761,000	-

The Company received share capital injections of £398,000,000 in May 2025 and £363,000,000 in October 2025 from Lloyds Bank Asset Finance Limited.

Notes to the financial statements (continued)

For the year ended 31 December 2025

14. Related party transactions

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

	2025 £'000	2024 £'000
Amounts due from group undertakings		
Black Horse Limited	-	52
International Motors Finance Limited	14,745	14,745
Lloyds Bank Asset Finance Limited	-	2,452
Suzuki Financial Services Limited	8,143	8,143
Total Amounts due from group undertakings (see note 9)	22,888	25,392
Amounts due to group undertakings		
Eurolead Services Holdings Limited	1,027	877
Black Horse Limited	860	-
Lloyds Bank Asset Finance Limited	19,548	-
Total Amounts due to group undertakings (see note 11)	21,435	877
Irredeemable preference shares		
Eurolead Services Holdings Limited (see note 11)	2,051	2,051
Income from investments		
Heidi Finance Holdings (UK) Limited	298	-
Lotus Finance Limited	-	30
Proton Finance Limited	-	13
Total Income from investments (see note 3)	298	43
Interest expense		
Eurolead Services Holdings Limited	149	166
Capital injections from parent undertaking		
Lloyds Bank Asset Finance Limited	761,000	-
Capital injections to subsidiary undertakings		
Black Horse Limited	783,000	-
Black Horse (TRF) Limited	573	-
London Taxi Finance Limited	127	-
A G Finance Limited	125	-
Hyundai Car Finance Limited	386	-
Total Capital injections to subsidiary undertakings (see note 10)	784,211	-

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 and controlling the activities of the Company. Accordingly, key management comprises the Directors of the Company and the Consumer Lending Division. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2025

15. Financial risk management

The Company's operations expose it to business risk. It is not exposed to any significant credit risk, liquidity risk, interest rate risk, market risk or foreign exchange risk. Its transactions are substantially intragroup, within borrowings and lending and only insignificant amounts (the irredeemable preference shares) attract floating rate interest. Responsibility for the control of overall risk lies with the board of Directors, operating within a management framework established by the Consumer Lending Business Unit of the Group, and the ultimate parent, Lloyds Banking Group plc.

15.1 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.

15.2 Financial strategy

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

15.3 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.

The Company's financial assets and liabilities comprise amounts due from and due to group undertakings that are measured at amortised cost. As these instruments are not measured at fair value, no fair value hierarchy disclosures are required. The Directors consider that the carrying amounts of these balances approximate their fair values.

16. Capital disclosures

In light of the intended liquidation of the Company, capital management is focused on ensuring that the Company's liabilities and liquidation costs can be met, and that any residual assets are returned to shareholders in an efficient manner.

The board of Directors manages the Company's capital in line with policy set by the Company's ultimate parent, which also advises the board of Directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the company's Balance sheet. In order to adjust the Company's capital the board of Directors may adjust the amount of dividends to be paid to shareholders, return capital 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 funding from sources external to the Group.

17. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the Balance sheet date (2024: £nil).

18. Post balance sheet events

On 16 March 2026, the Company received a dividend of £7,650,000 from its joint venture subsidiary Suzuki Financial Services Limited.

Notes to the financial statements (continued)

For the year ended 31 December 2025

19. Future developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027, including IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information.

IFRS 18 will have no impact on the Company's net profit as it impacts neither recognition nor measurement. The new standard will impact the presentation of the Company's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit rather than profit before tax.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is being assessed and is not expected to have a significant impact on the Company.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosures. These improvements and amendments are not expected to have a significant impact on the Company.

20. Ultimate parent undertaking and controlling party

The immediate parent company is Lloyds Bank Asset Finance 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 plc, 33 Old Broad Street, London, EC2N 1HZ. The Lloyds Banking Group plc financial statements may be downloaded via <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

Independent auditor's report to the members of Black Horse Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Black Horse Group (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss 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 20.

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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

Independent auditor's report to the members of Black Horse Group Limited (continued)

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 the UK Companies Act; 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, for example, 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 / external 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.

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 the directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report and strategic 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 and strategic report.

Independent auditor's report to the members of Black Horse Group 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;
- 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, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

25 September 2026