

Hyundai Finance Holdings (UK) Limited

Directors' report and financial statements

31 December 1997

Registered number 1212279



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COMPANIES HOUSE 01/04/98

Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activity of the company is to act as a holding and management company for its investment in Hyundai Car Finance Limited.

Business review

The profit on ordinary activities before taxation was £Nil (1996: £178,465).

A dividend of £Nil was paid during the period (1996: £850,000). The directors do not recommend the payment of a final dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

PR Harris
ML Young
BP Hancock

None of the persons who were directors at 31 December 1997 had any interest in the shares of the company.

PR Harris is also a director of Lex Service PLC of which the company is a subsidiary undertaking and his interests in the shares of Lex Service PLC are stated in the directors' report of that company

Otherwise, the directors who held office at the end of the financial year had the following interests in the ordinary shares of Lex Service PLC, as recorded in the register of directors' share and debenture interests:

	Ordinary shares of 25p each	
	31 December 1997	1 January 1997
BP Hancock	50	-

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The following directors held options at the beginning and end of the year to subscribe for ordinary shares of 25p each in Lex Service PLC as follows:-

Lex Executive Share Option Scheme	1 January 1997	Granted	Lapsed	Exercised during year	31 December 1997	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	12,034	-	-	-	12,034	13.4.89	13.4.92	13.4.99	3.56
	26,269	-	-	-	26,269	31.3.93	31.3.96	31.3.03	3.19
Lex Executive Share Option Scheme (1994)									
BP Hancock	13,498	-	-	-	13,498	29.3.96	29.3.99	29.3.03	3.13
ML Young	15,060	-	-	-	15,060	7.4.95	7.4.98	7.4.05	3.22
	23,961	-	-	-	23,961	29.3.96	29.3.99	29.3.03	3.13

The options under the Lex Executive Share Option Scheme were granted for a consideration of £1 for each option. The options under the Lex Executive Share Option Scheme (1994) were granted for nil consideration.

The outstanding options are potentially exercisable, between various future points in time at between 313p per share and 356p per share.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Lex Sharesave Scheme

Under the terms of the Scheme, introduced in 1997, the Board of Lex Service PLC, the company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC, to those eligible employees who enter into an Inland Revenue approved Save As You Earn (SAYE) savings contract. The price at which options may be offered is up to a maximum discount of 20% of the market price for three consecutive dealing days preceding the date of offer. The options may normally be exercised during the period of six months after the completion of the SAYE contract, whether three or five years after entering the Scheme.

Options held under the Scheme by the following directors who served during the year are as follows:

Name	Number of shares under option at 1 January 1997	Number of shares under option at 31 December 1997	Exercise price £	Date of grant	Date from which normally exercisable	Expiry date
BP Hancock	-	1,089	3.58	22.10.97	1.12.2000	1.6.2001
MLYoung	-	1,927	3.58	22.10.97	1.12.2002	1.6.2003

The outstanding options under the Lex Sharesave scheme are exercisable for up to six months commencing on either 1 December 2000 or 1 December 2002 at 358p per share.

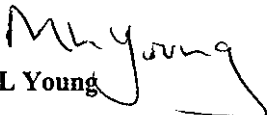
The middle market price of the shares at 31 December 1997 was 467p and the range during 1997 was 317p-467p per share.

Directors' report *(continued)*

Auditors

A resolution for the re-appointment of KPMG Audit Plc as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board


ML Young
Secretary

Lex House
17 Connaught Place
London
W2 2EL

19 February 1998

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

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8 Salisbury Square
London
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Auditors' report to the members of Hyundai Finance Holdings (UK) Limited

We have audited the financial statements on pages 7 to 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants
Registered Auditor

23 February 1998

Profit and loss account

for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Income from interests in associated undertakings		-	178,465
Profit on ordinary activities before taxation	2	-	178,465
Taxation on ordinary activities		-	-
Profit for the financial year		-	178,465
Dividends paid and proposed	4	-	(850,000)
Retained loss for the financial year		-	(671,535)
Accumulated surplus brought forward		219,584	891,119
Retained profit carried forward		219,584	219,584

The company had no recognised gains other than those shown in the profit and loss account.

All the activities of the company in the current and prior year are of a continuing nature, and have been stated on an historical basis. There have been no other movements in reserves.

Balance sheet

at 31 December 1997

	Note	1997	1996
		£	£
Fixed assets			
Investments	5	4,999	4,999
Current assets			
Debtors	6	527,585	527,585
Creditors: amounts falling due within one year	7	(113,000)	(113,000)
Total assets less current liabilities		414,585	414,585
Net assets		419,584	419,584
Capital and reserves			
Called up share capital	8	200,000	200,000
Profit and loss account		219,584	219,584
Equity shareholders' funds	9	419,584	419,584

These financial statements were approved by the board of directors on 19 February 1998 and were signed on its behalf by:

PR Harris
Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical accounting rules.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Lex Service PLC, and its cash flows are included within the consolidated cash flow statement of that group.

Related party transactions

The company is ultimately controlled by Lex Service PLC and is exempt from disclosing transactions with it and other group undertakings under Financial Reporting Standard 8 as it is a wholly owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

2 Remuneration of directors

None of the directors received any remuneration during the year (1996: £Nil).

3 Staff numbers and costs

The company had no employees other than the directors. Aggregate payroll costs were £Nil (1996: £Nil). The directors' remuneration is paid by a fellow subsidiary undertaking of Lex Service PLC and is disclosed in that company's financial statements.

4 Dividends

	1997 £	1996 £
Ordinary shares final	-	850,000

Notes (continued)

5 Investments

	1997 £	1996 £
Unquoted associated undertakings		
Cost	4,999	4,999
	<u>4,999</u>	<u>4,999</u>

The value of this investment on an equity valuation basis is £3,765,000 (1996: £3,190,000).

The company has an investment in the following associated undertaking:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Principal activity</i>
Hyundai Car Finance Limited	England & Wales	Ordinary shares	49.99%	Finance for retail customers and motor dealers

6 Debtors

	1997 £	1996 £
Amounts owed by group undertakings	527,585	527,585
	<u>527,585</u>	<u>527,585</u>

7 Creditors: amounts falling due within one year

	1997 £	1996 £
Other creditors including taxation and social security:		
Other taxes	113,000	113,000
	<u>113,000</u>	<u>113,000</u>

Notes (continued)

8 Called up share capital

	1997 £	1996 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

9 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Shareholders' funds at beginning of year	419,584	1,091,119
Loss for the year	-	(671,535)
	<u>419,584</u>	<u>419,584</u>
Shareholders' funds at end of year	<u>419,584</u>	<u>419,584</u>

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company and the only group in which the results of the company are consolidated is that headed by Lex Service PLC registered in England and Wales.

The consolidated accounts of this group are available to the public and may be obtained from Companies Registration, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.