

**Hyundai Finance Holdings (UK) Limited**

**Directors' report and financial  
statements**

Registered number 1212279

31 December 2001





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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### 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 (2000: £734,853).

During the year no interim dividends were paid. 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:

BP Hancock  
 PW Hewitt  
 PM Coles

None of the persons who were directors at 31 December 2001 had any interest in the shares of the company.

PW Hewitt is also a director of Lex Service PLC (now known as RAC plc) of which the company is a wholly owned subsidiary and his interests in the shares of Lex Service PLC (now known as RAC 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 (now known as RAC plc), as recorded in the register of directors' share and debenture interests:

	Ordinary shares of 25p each	
	31 December 2001	31 December 2000
BP Hancock	1,139	50
PM Coles	-	-

### Executive Share Option Scheme (1994)

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 (now known as RAC plc) as follows:

	1 January 2001	Granted	Lapsed/ Exercised during year	31 December 2001	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	13,498	-	4,200	9,298	29.3.96	29.3.99	29.3.03	3.13

The options under the Lex Executive Share Option Scheme (1994) were granted for nil consideration.

The market price at date of exercise of BP Hancock's options, which was 3 April 2001, was 480p per share. As a result of the exercise, BP Hancock made an aggregate gain of £7,014.



## Directors' report (continued)

### Directors and directors' interests (continued)

#### Executive Share Option Scheme (1994) (continued)

Options under the 1994 Scheme were granted at an aggregate value not exceeding an agreed multiple of the employee's earnings. This multiple, which is approved by the Remuneration Committee of Lex Service PLC (now known as RAC plc), varies for each participant and ranges from two to four.

Under the 1994 Scheme the exercise of options will normally be conditional on the achievement of a specified performance target determined by the Remuneration Committee of Lex Service PLC (now known as RAC plc), where options are granted. The Remuneration Committee has indicated that it will have regard to guidelines for share option schemes issued by institutional investors.

Under certain conditions, where the employment of persons holding share options under the 1994 Scheme ceases, the rules of the Scheme state that their options will remain exercisable for a twelve month period commencing on the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date.

#### 2001 Executive Share Option Scheme

During the year a new Executive Share Option Scheme (the Scheme) was introduced to replace the Long Term Incentive Plan (the "LTIP") which had been operated since 1998. Options are granted annually. Options have a 7 year life and are normally exercisable no earlier than three years from the date of grant to the extent that the performance targets have been met.

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 (now known as RAC plc) as follows:

	1 January 2001	Granted	Lapsed/ Exercised during year	31 December 2001	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	-	8,623	-	8,623	21.06.01	21.06.04	21.06.08	5.81
PM Coles	-	7,917	-	7,917	21.06.01	21.06.04	21.06.08	5.81

#### Lex Sharesave Scheme

Under the terms of the Scheme, introduced in 1997, the Board of Lex Service PLC (now known as RAC plc), the company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC (now known as RAC 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 2001	Granted	Exercised during year	Number of shares under option at 31 December 2001	Exercise price £	Date of grant	Date from which normally exercisable	Expiry date
BP Hancock	1,089	-	1,089	-	3.58	22.10.97	1.12.00	1.6.01
	1,015	-	-	1,015	3.84	7.9.98	1.12.01	1.6.02
	833	-	-	833	2.59	31.3.00	1.5.05	1.11.05
	-	1,852	-	1,852	4.30	7.9.01	1.11.06	1.5.07





## Directors' report (continued)

### Directors and directors' interests (continued)

#### Lex Sharesave Scheme (continued)

The closing mid-market price of Lex Service PLC (now known as RAC plc) shares on 15 May 2001, the date when 1,089 shares were allotted to BP Hancock was 528.5p. BP Hancock therefore made a nominal gain of £1,856.74p.

The outstanding options under the 1998 Lex Sharesave Scheme are exercisable for up to six months commencing on 1 December 2001. The outstanding options under the 2000 Lex Sharesave Scheme are exercisable for up to six months commencing on 1 May 2005. The outstanding options under the 2001 Lex Sharesave Scheme are exercisable for up to six months commencing on 1 November 2004 and 1 November 2006.

#### Long Term Incentive Plan

The Long Term Incentive Plan was approved by shareholders at the Lex Service PLC (now known as RAC plc) 1998 Annual General Meeting. It is designed to align the interests of executive directors and the other senior executives with those of shareholders, to encourage increased shareholding to assist with the attraction and retention of individuals who will be crucial to the group's success in the coming years and to reward sustained good performance over a period of time.

Details of the Lex Service PLC (now known as RAC plc) ordinary shares provisionally awarded to each director as a participant under the Long Term Incentive Plan, are as follows:

Name	1 January 2001	Lapsed during 2001	31 December 2001
BP Hancock	24,133	7,249	16,884
PM Coles	7,092	-	7,092

Full details of the Long Term Incentive Plan are disclosed in the directors' report of Lex Service PLC.

The middle market price of the shares at 31 December 2001 was 524p and the range during 2001 was 377.5p-612.5p per share.

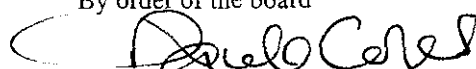
### Charitable donations and political contributions

No charitable donations or political contributions were made in 2001 (2000: £Nil).

### Auditor

A resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at a forthcoming Extraordinary General Meeting.

By order of the board



PM Coles

Secretary

28 October 2002

Lex House  
17 Connaught Place  
London  
W2 2EL  
2002



## 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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## **Independent auditor's report to the members of Hyundai Finance Holdings (UK) Limited**

We have audited the financial statements on pages 6 to 10.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of audit 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 2001 and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*31 October 2002*



## Profit and loss account

*for the year ended 31 December 2001*

	<i>Note</i>	<b>2001</b> £	2000 £
Income from other fixed asset investments	4	-	734,853
<b>Profit on ordinary activities before and after taxation</b>		-	734,853
Dividend paid	5	-	(734,853)
<b>Retained profit for the financial year</b>		-	-
Retained surplus brought forward		377,090	377,090
Retained profit carried forward		377,090	377,090

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 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Investments	6	4,999	4,999
<b>Current assets</b>			
Debtors	7	572,091	572,091
<b>Net assets</b>		<u>577,090</u>	<u>577,090</u>
<b>Capital and reserves</b>			
Called up share capital	8	200,000	200,000
Profit and loss account		<u>377,090</u>	<u>377,090</u>
<b>Equity shareholders' funds</b>	9	<u>577,090</u>	<u>577,090</u>

These financial statements were approved by the board of directors on 28 October 2002 and were signed on its behalf by:



**PM Coles**  
 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 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Lex Service PLC (now known as RAC 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 (now known as RAC 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 (2000: £Nil).

### 3 Staff numbers and costs

The company had no employees other than the directors. Aggregate payroll costs were £Nil (2000: £Nil). The directors' remuneration is paid by a fellow subsidiary undertaking of Lex Service PLC (now known as RAC plc) and is disclosed in that company's financial statements.

### 4 Income from other fixed assets investments

	2001 £	2000 £
Dividend from associated undertakings	-	734,853



**Notes (continued)**

**5 Dividends**

	2001 £	2000 £
Dividend paid to group company	-	734,853

**6 Investments**

	2001 £	2000 £
Unquoted associated undertakings		
Cost	4,999	4,999

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

**7 Debtors**

	2001 £	2000 £
Amounts owed by group undertakings	572,091	572,091

**8 Called up share capital**

	2001 £	2000 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	200,000	200,000



**Notes** *(continued)*

**9 Reconciliation of movement in shareholders' funds**

	2001 £	2000 £
Shareholders' funds at beginning of year	577,090	577,090
Profit for the year	-	-
	<hr/>	<hr/>
Shareholders' funds at end of year	<u>577,090</u>	<u>577,090</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 (now known as RAC plc) registered in England and Wales.

The consolidated accounts of this group are available to the public and may be obtained from 17 Connaught Place, London W2 2EL.

