

Heidi Finance Holdings (UK) Limited
(Formerly known as Hyundai Finance Holdings (UK) Limited)
Registered number 1212279

Report and Accounts 2005



Member of Lloyds TSB Group

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Company information

Directors

Directors	J L Davies M P Kilbee D K Potts
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Secretary	R A Connor
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Heidi Finance Holdings (UK) Limited is a limited company registered in England No: 1212279 and is both incorporated and domiciled in England.

Registered office

25 Gresham Street
London
EC2V 7HN

Report of the directors

For the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of Heidi Finance Holdings UK Limited (the Company) during the year was that of a holding and management company for its investment in its associate, Hyundai Car Finance Limited. The Company is a limited liability company registered in England and Wales.

On 17 August 2005 the Company changed its name from Hyundai Finance Holdings (UK) Limited to Heidi Finance Holdings (UK) Limited.

Review of business and future developments

The business has performed in line with expectations during the period. There are no expected changes in the nature and extent of the Company's operations and the directors envisage that it will continue to perform satisfactorily.

Financial risk management

Responsibility for the control of overall risk within the Company lies with the board of directors. See note 2.

Post balance sheet event

On 9 January 2006, the whole of the issued share capital previously owned by RAC plc was purchased by Black Horse Group Limited, a wholly owned subsidiary of Lloyds TSB Asset Finance Division Limited.

Dividends

The directors do not recommend the payment of a final dividend. During the year the Company paid a dividend of £3,367,000 (2004 :£4,059,000).

Directors and their interests

The names of the current directors are shown on page 3. The following changes have taken place since the year end:

J L Davies	(appointed 9 January 2006)
M P Kilbee	(appointed 9 January 2006)
D K Potts	(appointed 9 January 2006)
P C Easter	(resigned 6 January 2006)
P J R Snowball	(resigned 6 January 2006)
P R Harris	(resigned 9 January 2006)
S C J Machell	(resigned 9 January 2006)
A C Shaw	(resigned 9 January 2006)

P C Easter, P J R Snowball, P R Harris and S C J Machell are also directors of Aviva plc or of one or more of its subsidiaries and their interests in the capital of Aviva plc and of its subsidiaries are set out in the accounts of those companies. None of the other directors had any other interest in the capital of Aviva plc or its subsidiaries.

The interest of the other director in the capital of RAC plc and its subsidiaries is shown below:

	At 31 December 2005		Options granted during year	Options lapsed during year	At 1 January 2005	
	Shares	Options			Shares	Options
A C Shaw	3,909	-	-	21,013	-	24,922

Directors' report

For the year ended 31 December 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed; subject to any material departures disclosed in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Policy and practice on payment of creditors

The Company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from The DTI Publications Order Line 0845-0150010 quoting ref. URN 04/606.

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the Company owed no amounts to trade creditors as at 31 December 2005, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil.

On behalf of the board



R A Connor
Secretary

23 October 2006

Report of the independent auditor to the members of Heidi Finance Holdings (UK) Limited

We have audited the financial statements of Heidi Finance Holdings (UK) Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is 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 other transactions is not disclosed.

We read the Directors' report and consider its implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

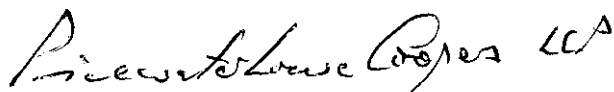
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

One Kingsway
Cardiff
CF10 3PW

2006 2006

Income statement

31 December 2005

	Note	2005 £'000	2004 £'000
Fee income		529	52
Dividends received from associates		2,953	4,059
Other operating expenses		(5)	-
Profit before tax	4	3,477	4,111
Taxation	7	(157)	(16)
Profit for the year attributable to equity share holders		3,320	4,095

The notes on pages 11 to 15 are an integral part of these financial statements.

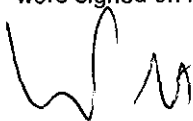
Balance sheet

Balance sheet at 31 December 2005

	Note	2005 £'000	2004 £'000
ASSETS			
Cash and cash equivalents	8	320	-
Other current assets	9	496	608
Investment in associate	10	5	5
Total assets		821	613
LIABILITIES			
Other current liabilities	11	(98)	-
Current tax liabilities		(157)	-
Total liabilities		(255)	-
EQUITY			
Share capital	12	(200)	(200)
Retained profits		(366)	(413)
Total equity		(566)	(613)
Total equity and liabilities		(821)	(613)

The notes on pages 11 to 15 are an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 23rd October 2006 and were signed on its behalf by:



D K Potts
Director

23rd October 2006

Statement of changes in equity

31 December 2005

	Share capital £'000	Retained profits £'000	TOTAL £'000
At 1 January 2004	200	377	577
Profit for the year	-	4,095	4,095
Dividends paid		(4,059)	(4,059)
At 31 December 2004	200	413	613
Profit for the year	-	3,320	3,320
Dividends paid		(3,367)	(3,367)
At 31 December 2005	200	366	566

The notes on pages 11 to 15 are an integral part of these financial statements.

Cash flow statement

31 December 2005

	2005 £'000	2004 £'000
Cash flows from operating activities		
Profit before tax	3,477	4,111
Adjustments for:		
- Dividends received from associates	(2,953)	(4,059)
Changes in operating assets and liabilities:		
- net decrease/(increase) in other assets	112	(36)
- net increase in other liabilities	98	-
	-----	-----
Cash generated from operations	734	16
Taxes paid via group relief	-	(16)
	-----	-----
Net cash from operating activities	734	-
	-----	-----
Cash flows from investing activities		
Dividends received from associates	2,953	4,059
	-----	-----
Net cash from investing activities	2,953	4,059
	-----	-----
Cash flows from financing activities		
Dividends paid	(3,367)	(4,059)
	-----	-----
Net cash used in financing activities	(3,367)	(4,059)
	-----	-----
Net increase in cash and cash equivalents	320	-
Cash and cash equivalents at beginning of year	-	-
	-----	-----
Cash and cash equivalents at end of year	320	-
	=====	=====

The notes on pages 11 to 15 are an integral part of these financial statements.

Notes to the financial statements

31 December 2005

1. Accounting policies

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

1.1 Basis of preparation

The Company's ultimate parent company adopted International Financial Reporting Standards ("IFRS") as adopted by the European Union in its financial statements for the year ended 31 December 2005. The Company has also adopted IFRS in the preparation of these financial statements for the year ended 31 December 2005. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The rules for first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. On 1 January 2004, the date of transition, the opening IFRS balance sheet position has been determined in accordance with IFRS 1 which requires IFRS accounting policies to be applied on a retrospective basis with the mandatory exception that the Company's estimates at the date of transition are consistent with those under UK GAAP.

Reporting under IFRS has not produced any changes to net assets, profit or cashflows as reported under UK GAAP as at 31 December 2004 or at the transition date and for the year ended for this company.

1.2 Fee and commission income and expense

Fees and commissions are generally recognised on an accruals basis when the service has been provided.

1.3 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

1.4 Investments in associate

The Company's investment in its associate is carried at cost and is subject to impairment review.

1.5 Taxation, including deferred income taxes

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1.6 Dividends

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

2 Risk management policy

The Company's operations expose it to credit risk, liquidity risk and interest rate risk; it is not exposed to any foreign exchange risk. Responsibility for the control of overall risk lies with the Board of Directors, operating within a management framework established by the ultimate parent, Aviva plc. The interest rate and liquidity risk faced by the Company is in substance managed and borne by other group companies which fund the Company.

Notes to the financial statements

31 December 2005

3 Critical accounting estimates, and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. There are not considered by the directors to be any critical accounting estimates in applying the Company's accounting policies.

4. Profit before tax

The following item has been included in arriving at Profit before tax

	2005 £'000	2004 £'000
Expenses		
Statutory audit fee (borne by another group company for 2004)	5	-
	=====	=====

5. Staff cost

The company did not directly employ any person during the year (2004: none), accounting and administrative services being provided by RAC Group

6. Directors' emoluments

No director received any fees or emoluments during the year (2004: £nil).

7. Taxation

	2005 £'000	2004 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Income tax on profits for the year	157	16
	-----	-----
Current tax charge	157	16
	=====	=====

The charge for tax on the profit for the year is based on a UK corporation tax rate of 30 per cent (2004: 30 per cent).

There is no tax charge to deferred tax during the period.

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 profit before tax to the tax charge for the year is given below:

	2005 £'000	2004 £'000
Profit before tax	3,477	4,111
Tax charge thereon at UK corporation tax rate of 30%	1,043	1,233
Factors affecting charge:		
- Non-allowable and non-taxable items	(886)	(1,217)
	-----	-----
Tax on profit on ordinary activities	157	16
	=====	=====
Effective rate	4.5%	0.4%
	=====	=====

Notes to the financial statements

31 December 2005

8. Cash and cash equivalents

Cash and cash equivalents represent cash at bank and in hand and is non-interest-bearing.

9. Other current assets

	2005 Due within one year £'000	2004 Due within one year £'000
Amounts owed by ultimate parent company	496	608
	=====	=====

Amounts due from group undertakings are unsecured, repayable on demand and generally non-interest bearing

10. Investment in associate

The Company's investment in its associate, Hyundai Car Finance Limited, is carried at cost.

Hyundai Car Finance Limited is a limited company registered in England No: 2160191 and is both incorporated and domiciled in England.

Heidi Finance Holdings (UK) Limited held 49.99% of the ordinary shares of Hyundai Car Finance Limited at the year end. A summary of the financial position and results of Hyundai Car Finance Limited as at and for the year ended 31 December 2005 is set out below:

	£'000
Capital	10
Reserves	12,962
Net interest income	11,864
Profit for the year (after tax)	5,357

11. Other current liabilities

	2005 Due within one year £'000	2004 Due within one year £'000
Other tax and social security payable	93	-
Other creditors	5	-
	-----	-----
	98	-
	=====	=====

12. Share capital

	2005 £'000	2004 £'000
Authorised, allotted, issued and fully paid 200,000 ordinary shares of £1 each	200	200
	=====	=====

Notes to the financial statements

31 December 2005

13. Related party transactions

At the year end the Company's ultimate parent company and the only group in which the results of the company were consolidated was Aviva plc registered in England and Wales. The consolidated accounts of this group are available to the public and can be obtained from St.Helen's, 1 Undershaft, London EC3P 3DQ.

Since 9 January 2006, the ultimate parent of the Company is Lloyds TSB Group plc (incorporated in Scotland).

A number of transactions are entered into with related parties in the normal course of business. These include loans, fees and commission transactions. The outstanding balances at the year end and related expense and income for the year are as follows:

	Group and associated companies	
	2005	2004
	£'000	£'000
Outstanding at 31 December		
Amounts owed by RAC plc	496	608
	=====	=====
Fee income		
Hyundai Motor UK Limited	398	-
Hyundai Car Finance Limited	121	-
Heidi Car (UK) Limited	10	52
	=====	=====
Dividends paid		
RAC plc	3,367	4,059
	=====	=====
Dividend income		
Hyundai Car Finance Limited	2,953	4,059
	=====	=====

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management comprise the directors of the Company and the members of the Aviva plc board which comprises the statutory directors of that Company and certain other senior management. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other Companies within the Aviva group and consider that their services to the Company are incidental to their other activities within those groups.

14. Events after the balance sheet date

On 9 January 2006, the whole of the issued share capital was purchased by Black Horse Group Limited, a wholly owned subsidiary of Lloyds TSB Asset Finance Division Limited.

15. Contingent liabilities and commitments

There were no contracted capital commitments or contingencies at the balance sheet date (2004: £nil).

Notes to the financial statements

31 December 2005

16. Reconciliation of net assets and profit under UK GAAP to IFRS

Heidi Finance Holdings (UK) Limited reported under UK GAAP in its previously published financial statements for the year ended 31 December 2004.

The analysis below shows a reconciliation of profit as reported under UK GAAP as at 31 December 2004 to the revised profit under IFRS as reported in these financial statements.

	2004 £'000
Reconciliation of profit for the year ended 31 December 2004	
Profit for the year reported under UK GAAP	4,095
Timing of recognition of dividend income	(1,075)
Timing of recognition of dividend paid	1,075

Profit after tax reported under IFRS	4,095
	=====

Reporting under IFRS has not produced any changes to the net assets previously reported under UK GAAP.