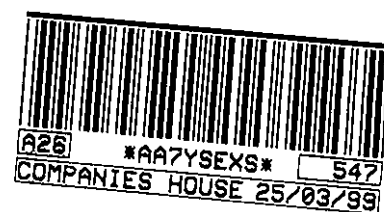


## **Hyundai Finance Holdings (UK) Limited**

### **Directors' report and financial statements**

31 December 1998

Registered number 1212279



## **Directors' report and financial statements**

### **Contents**

Directors' report	1
Statement of directors' responsibilities	5
Auditors' report to the members of Hyundai Finance Holdings (UK) Limited	6
Profit and loss account	7
Balance sheet	8
Notes	9

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **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 £5,000 (1997: £Nil).

During the year a tax rebate of £152,506 was received (1997: £Nil).

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 1998 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 wholly owned 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 1998	1 January 1998
BP Hancock	50	50
ML Young	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 1998	Granted	Lapsed	Exercised during year	31 December 1998	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	-	-	8,000	18,269	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 market price at date of exercise of BP Hancock's options which was 1 June 1998, was 577p per share. As a result of the exercise, BP Hancock made an aggregate gain of £47,235.

The outstanding options are potentially exercisable, between various future points in time at between 313p per share and 322p per share.

#### *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.

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

#### *Lex Sharesave Scheme (continued)*

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 1998	Number of shares under option at 31 December 1998	Exercise price  £	Date of grant	Date from which normally exercisable	Expiry date
BP Hancock	1,089	1,089	3.58	22.10.97	1.12.2000	1.6.2001
	-	1,015	3.84	7.9.98	1.12.2001	1.6.2002
ML Young	1,927	1,927	3.58	22.10.97	1.12.2002	1.6.2003
	-	1,796	3.84	7.9.98	1.12.2003	1.6.2004

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 outstanding options under the 1998 Lex Sharesave Scheme are exercisable for up to six months commencing on either 1 December 2001 or 1 December 2003 at 384p per share.

The middle market price of the shares at 31 December 1998 was 382p and the range during 1998 was 329p-614p per share.

#### *Long Term Incentive Plan*

The Long Term Incentive Plan was approved by shareholders at the Lex Service 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 ordinary shares provisionally awarded to each director as a participant under the Long Term Incentive Plan, are as follows:

Name	1 January 1998	Grants/awards during 1998	31 December 1998
BP Hancock	-	7,249	7,249
ML Young	-	6,051	6,051

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

## **Directors' report** *(continued)*

### **Millennium**

The company has recognised that the millennium date change is a major business risk and to mitigate the risk to business critical systems and processes, is participating in a group wide Lex Millennium Programme. The main stages of this programme include inventory, business impact assessment, solution planning, testing and installation and regular reporting to the parent company.

Progress has been achieved with the company having completed its inventories, impact assessment, prioritised action plans; with remediation, testing and implementation well advanced. The company, as part of its risk assessment process, is also working with key business suppliers to understand their progress on the millennium issue.

Contingency plans are being prepared for millennium failures that may occur affecting business critical systems and processes.

Independent external reviews are being undertaken to assess this programme with their findings reported to the company and the parent board.

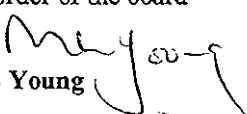
The cost is expected to be £Nil. Costs charged to the profit and loss account during the year amounted to £Nil and £Nil has been capitalised within fixed assets.

Given the complexity of the millennium problem, it is not possible for any organisation to guarantee that no problems will occur. However, based on the progress achieved to date, the parent board believes that the group will achieve an acceptable state of readiness.

### **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

25 February 1999

## **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

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

1 March 1999



## Profit and loss account

*for the year ended 31 December 1998*

	<i>Note</i>	1998 £	1997 £
Other interest receivable	4	5,000	-
<b>Profit on ordinary activities before taxation</b>	2	5,000	-
Taxation on ordinary activities	5	152,506	-
<b>Profit for the financial year</b>		157,506	-
<b>Retained profit for the financial year</b>		157,506	-
Accumulated surplus brought forward		219,584	219,584
<b>Retained profit carried forward</b>		377,090	219,584

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

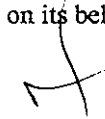
All the activities of the company in the current and prior year are of a continuing nature, and have been stated on an historical basis. There have been no other movements in reserves.

## Balance sheet

at 31 December 1998

	Note	1998	1997
		£	£
<b>Fixed assets</b>			
Investments	6	4,999	4,999
<b>Current assets</b>			
Debtors	7	572,091	527,585
<b>Creditors: amounts falling due within one year</b>	8	-	(113,000)
<b>Total assets less current liabilities</b>		<u>572,091</u>	<u>414,585</u>
<b>Net assets</b>		<u>577,090</u>	<u>419,584</u>
<b>Capital and reserves</b>			
Called up share capital	9	200,000	200,000
Profit and loss account		377,090	219,584
<b>Equity shareholders' funds</b>	10	<u>577,090</u>	<u>419,584</u>

These financial statements were approved by the board of directors on 25 February 1999 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 1997) 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 (1997: £Nil).

### 3 Staff numbers and costs

The company had no employees other than the directors. Aggregate payroll costs were £Nil (1997: £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 Interest

	1998	1997
	£	£
Interest received on tax rebate	5,000	-
	<hr/>	<hr/>

## Notes (continued)

### 5 Taxation

	1998 £	1997 £
Charge/(rebate) for the year	(39,506)	-
Overprovision in prior year	(113,000)	-
	<hr/> (152,506) <hr/>	<hr/> - <hr/>

### 6 Investments

	1998 £	1997 £
Unquoted associated undertakings		
Cost	<hr/> 4,999 <hr/>	<hr/> 4,999 <hr/>

The value of this investment on an equity valuation basis is £4,396,000 (1997: £3,765,000).

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

### 7 Debtors

	1998 £	1997 £
Amounts owed by group undertakings	<hr/> 572,091 <hr/>	<hr/> 527,585 <hr/>

**Notes (continued)**

**8 Creditors: amounts falling due within one year**

	1998 £	1997 £
Other creditors including taxation and social security:		
Other taxes	-	113,000
	<hr/>	<hr/>

**9 Called up share capital**

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000
	<hr/>	<hr/>

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

	1998 £	1997 £
Shareholders' funds at beginning of year	419,584	419,584
Profit for the year	157,506	-
	<hr/>	<hr/>
Shareholders' funds at end of year	577,090	419,584
	<hr/>	<hr/>

**11 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 Lex House, 17 Connaught Place, London W2 2EL.