

**Hyundai Finance Holdings (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 1212279**

**31 December 2002**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### 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 £3,155,458 (2001: £Nil).

During the year interim dividends of £3,155,458 (2001: £Nil) were paid. The directors do not recommend the payment of a final dividend (2001: £Nil).

### Directors and directors' interests

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

BP Hancock  
PW Hewitt  
PM Coles

On 28 March 2003 SA Bowles was appointed as a director of the company. PW Hewitt resigned as a director of the company on the same date.

On 4 August 2003 RJ Pennycook was appointed as a director of the company. SA Bowles resigned as a director of the company on the same date.

None of the persons who were directors at 31 December 2002 had any interest in the shares of the company or any subsidiary undertaking.

PW Hewitt was also a director of RAC plc of which the company is a wholly-owned subsidiary and his interests in the shares and debentures of group undertakings, together with particulars of interests in share options 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 shares of RAC plc, as recorded in the register of directors' interests:

	Ordinary shares of 25p each	
	31 December 2002	31 December 2001
BP Hancock	4,837	1,139
PM Coles	-	-

The interests of directors holding office on 31 December 2002 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the 1994 Executive Share Option Scheme were as shown below:

	1 January 2002	Granted	Exercised during year	31 December 2002	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	9,298	-	9,298	-	29.03.96	29.03.99	29.03.03	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 5 December 2002, was 417p per share. As a result of the exercise, BP Hancock made an aggregate gain of £9,670.

## Directors' report (continued)

### Directors and directors' interests (continued)

The interests of directors holding office on 31 December 2002 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the 2001 Executive Share Option Scheme were as shown below:

	1 January 2002	Granted	Exercised during year	31 December 2002	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
	-	9,766	-	9,766	07.03.02	07.03.05	07.03.09	5.13
PM Coles	7,917	-	-	7,917	21.06.01	21.06.04	21.06.08	5.81
	-	9,259	-	9,259	07.03.02	07.03.05	07.03.09	5.13

The interests of directors holding office on 31 December 2002 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the Sharesave Scheme, were as shown below:

	Number of shares under option at 1 January 2002	Granted	Exercised during year	Number of shares under option at 31 December 2002	Exercise price £	Date of grant	Date from which normally exercisable	Expiry date
BP Hancock	1,015	-	1,015	-	3.84	07.09.98	01.12.01	1.6.02
	833	-	-	833	2.59	31.03.00	01.05.05	1.11.05
	1,852	-	-	1,852	4.30	07.09.01	01.11.06	1.5.07
PM Coles	270	-	-	270	4.30	07.09.01	01.11.04	1.5.05

The closing mid-market price of RAC plc shares on 8 January 2002, the date when 1,015 shares were allotted to BP Hancock was 541.5p. BP Hancock therefore made a nominal gain of £1,599.

Details of the RAC plc ordinary shares provisionally awarded to each director as a participant under the Long Term Incentive Plan, are as follows:

Name	Award year	1 January 2002	Vesting of awards during 2002	Awards lapsed during 2002	31 December 2002
BP Hancock	1999	8,130	4,472	3,658	-
	2000	8,754	-	-	8,754
PM Coles	2000	7,092	-	-	7,092

The gross monetary value of the 1999 awards received by BP Hancock that vested on 21 February 2002 when the share price was 486p was £21,734.

Full details of the Long Term Incentive Plan, the Sharesave Scheme and the 1994 and 2001 Executive Share Option Scheme are disclosed in the remuneration report of RAC plc.

The middle market price of the shares at 31 December 2002 was 356p and the range during 2002 was 348.5p-565p per share.

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

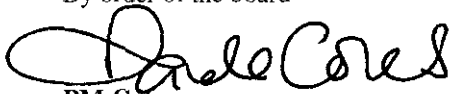
**Charitable donations and political contributions**

No charitable donations or political contributions were made in 2002 (2001: £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

17 Connaught Place  
London  
W2 2EL

13 October 2003

## 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

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

## Report of the independent auditors to the members of Hyundai Finance Holdings (UK) Limited

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### 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 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*KPMG Audit Plc*

*27 October 2003*

## Profit and loss account

for the year ended 31 December 2002

	Note	2002 £	2001 £
Income from other fixed asset investments	3	3,155,458	-
<b>Profit on ordinary activities before and after taxation</b>		<b>3,155,458</b>	<b>-</b>
Dividend paid	4	(3,155,458)	-
<b>Retained profit for the financial year</b>		<b>-</b>	<b>-</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 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Investments	5	4,999	4,999
<b>Current assets</b>			
Debtors	6	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	7	200,000	200,000
Profit and loss account		<u>377,090</u>	<u>377,090</u>
<b>Equity shareholders' funds</b>	8	<u>577,090</u>	<u>577,090</u>

These financial statements were approved by the board of directors on 13 October 2003 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*

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of 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 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 (2001: £Nil). The directors' remuneration is paid by a fellow subsidiary undertaking of RAC plc and is disclosed in that company's financial statements.

### 3 Income from other fixed assets investments

	2002 £	2001 £
Dividend from associated undertakings	3,155,458	-

**Notes (continued)**

**4 Dividend paid**

	2002 £	2001 £
Dividend paid to group company	3,155,458	-

**5 Investments**

	2002 £	2001 £
<b>Unquoted associated undertakings</b>		
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 Ltd	England & Wales	Ordinary shares	49.99%	Finance for retail customers and motor dealers

**6 Debtors**

	2002 £	2001 £
Amounts owed by group undertakings	572,091	572,091

**7 Called up share capital**

	2002 £	2001 £
<b>Authorised, allotted, called up and fully paid</b>		
200,000 ordinary shares of £1 each	200,000	200,000

**Notes** *(continued)*

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

	2002 £	2001 £
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>

**9 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 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.