

Hyundai Finance Holdings (UK) Limited

**Directors' report and financial
statements**

Registered number 1212279

31 December 2004



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Directors' report

The directors have pleasure in submitting their report together with the audited financial statements for the company for the year ended 31 December 2004.

Principal activity

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 £ 3,036,255 (2003: £2,558,963).

Interim dividends totalling £1,499,700 have been paid during the year (2003: £1,323,530). The Directors recommend that a final dividend of £1,484,555 (2003: £1,235,433) be paid.

Directors and directors' interests

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

BP Hancock
 PM Coles
 RJ Pennycook

None of the persons who were directors at 31 December 2004 had any interest in the shares of the company or any subsidiary undertaking.

RJ Pennycook is 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 remuneration report of that company.

Otherwise, the directors who held office at the end of the period 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 2004	1 January 2004
BP Hancock	787	4,837
PM Coles	2,513	3,276

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The interests of directors holding office on 31 December 2004 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the Executive Share Option Scheme (2001) were as shown below:

	1 January 2004	Granted	Lapsed	Exercised during period	31 December 2004	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
	7,243	-	-	-	7,243	11.03.03	11.03.06	11.03.10	3.71
	-	7,911	-	-	7,911	11.03.04	11.03.07	11.03.11	6.93
PM Coles	7,917	-	-	5,163	2,754	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
	27,223	-	-	-	27,223	11.03.03	11.03.06	11.03.10	3.71
	-	15,613	-	-	15,613	11.03.04	11.03.07	11.03.11	6.93

The closing mid-market price of an RAC plc share on 17 September 2004, the day 5,163 shares were allotted to PM Coles was 671p per share. PM Coles therefore made a nominal gain of £4,646.70.

The interests of directors holding office on 31 December 2004 in options to subscribe for ordinary shares of 25p each in RAC plc, granted under the Sharesave Scheme, were as shown below:

Name	1 January 2004	Granted	Lapsed	Exercised during period	31 December 2004	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	833	-	-	-	833	31.03.00	01.05.05	01.11.05	2.59
	1,852	-	-	-	1,852	07.09.01	01.11.06	01.05.07	4.30
	800	-	-	-	800	10.09.03	01.11.06	01.05.07	4.61
PM Coles	270	-	-	270	-	07.09.01	01.11.04	01.05.05	4.30
	400	-	-	-	400	10.09.03	01.11.06	01.05.07	4.61
	-	719	-	-	719	09.09.04	01.11.07	01.05.08	5.24

The closing mid-market price of an RAC plc share on 4 November 2004, the day 270 shares were allotted to PM Coles was 640p per share. PM Coles therefore made a nominal gain of £567.00.

Full details of the Sharesave Scheme and the Executive Share Option Scheme (2001) are disclosed in the 2004 report and accounts of RAC plc.

The middle market price of an RAC plc ordinary share at 31 December 2004 was 635p and the range during the year was 602.5p-730p per share.

Directors' report *(continued)*

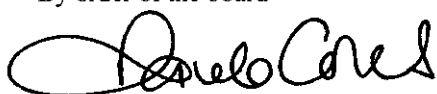
Charitable donations and political contributions

No charitable donations or political contributions were made in 2004 (2003: £Nil).

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



PM Coles

Secretary

Lex House
17 Connaught Place
London
W2 2EL

28 April 2005

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

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

We have audited the financial statements on pages 6 to 11.

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 2004 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

25 April 2005

Profit and loss account

for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	1	52	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		52	-
Income from other fixed asset investments	6	2,984	2,559
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-4	3,036	2,559
Tax on profit on ordinary activities	5	(16)	-
		<hr/>	<hr/>
Profit on ordinary activities after tax		3,020	2,559
Dividends	7	(2,984)	(2,559)
		<hr/>	<hr/>
Retained profit for the financial year		36	-
Retained profit brought forward		377	377
		<hr/>	<hr/>
Retained profit carried forward		413	377
		<hr/>	<hr/>

The company had no recognised gains or losses 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 2004

	<i>Note</i>	2004 £000	2003 £000
Fixed assets			
Investments	8	5	5
Current assets			
Debtors	9	608	572
Net Assets		613	577
Capital and reserves			
Called up share capital	10	200	200
Profit and loss account		413	377
Equity shareholders' funds	11	613	577

These financial statements were approved by the board of directors on 28 April 2005 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.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date except as otherwise required by FRS 19.

There is a group payment arrangement in place between RAC plc and the Inland Revenue such that all corporation tax payments and receipts within the RAC plc group are made by or received by RAC plc. Accordingly the Company charges or credits all corporation tax balances to its inter-company account with RAC plc as they arise.

Turnover

Turnover represents the amounts invoiced (excluding value added tax) derived from management charges to fellow subsidiaries during the year. All turnover relates to continuing activities.

2 Auditors remuneration

The auditors remuneration is borne by a fellow subsidiary.

Notes (continued)

3 Remuneration of directors

None of the directors received any remuneration during the year (2003: £Nil). The directors' remuneration is paid by a fellow subsidiary undertaking of RAC plc and is disclosed in that company's financial statements.

4 Staff

There are no staff employed by the company.

5 Taxation

a) Analysis of charge in the period

	2004 £000	2003 £000
Current tax on profit on ordinary activities	16	-
Tax on profit on ordinary activities	16	-

b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2003: lower) than the standard rate of corporation tax in the UK (30 per cent). The differences are due to:

	2004 £000	2003 £000
Profit on ordinary activities before taxation	3,037	2,559
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003: 30%)	911	768
Tax effect of dividend income not subject to corporation tax	(895)	(768)
	16	-

6 Income from other fixed assets investments

	2004 £000	2003 £000
Dividend from associated undertakings	2,984	2,559

Notes (continued)

7 Dividends

	2004 £000	2003 £000
Dividend paid to group company:		
Interim	1,500	1,324
Final dividend proposed	1,484	1,235
	<u>2,984</u>	<u>2,559</u>

8 Investments

	2004 £000	2003 £000
Unquoted associated undertakings		
Cost	5	5
	<u>5</u>	<u>5</u>

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

9 Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	608	572
	<u>608</u>	<u>572</u>

10 Called up share capital

	2004 £000	2003 £000
Authorised, allotted, called up and fully paid 200,000 ordinary shares of £1 each	200	200
	<u>200</u>	<u>200</u>

Notes *(continued)*

11 Reconciliation of movement in shareholders' funds

	2004 £000	2003 £000
Shareholders' funds at beginning of year	577	577
Profit for the year	36	-
	<hr/>	<hr/>
Shareholders' funds at end of year	613	577
	<hr/>	<hr/>

12 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.