

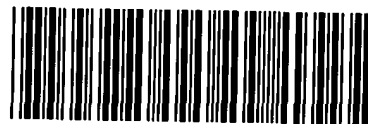
# **LEX VEHICLE LEASING (HOLDINGS) LIMITED**

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

**For the year ended 31 December 2017**

**Registered number: 02953299**

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# Lex Vehicle Leasing (Holdings) Limited

## Directors’ report and financial statements

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# Lex Vehicle Leasing (Holdings) Limited

## Directors and company information

### Directors

A J Hartley  
C A Parkes  
T R Porter

### Company secretary

D D Hennessey (appointed 4 May 2017)  
P Gittins (resigned 4 May 2017)

### Registered Office:

Charterhall House  
Charterhall Drive  
Chester  
Cheshire  
CH88 3AN

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Kingsway  
Cardiff  
CF10 3PW

# Lex Vehicle Leasing (Holdings) Limited

## Directors' report for the year ended 31 December 2017

The directors present their annual report together with the audited financial statements of Lex Vehicle Leasing (Holdings) Limited (the "Company") for the year ended 31 December 2017.

### Principal activities

Lex Vehicle Leasing (Holdings) Limited is a limited liability company incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company in respect of subsidiary companies.

### Business review

The Company's activities have been limited during the current and previous years. Current year activities primarily relate to the waiver of debt from a subsidiary company.

### Results and dividend

The results for the year are set out on page 8. The Company made a loss before taxation during the current year of (£188,000) (2016: profit before taxation of £182,962,000). During the year, the Company received dividends from its subsidiary companies of £nil (2016: £182,961,000). The Company did not pay a dividend during the year (2016: £nil).

A number of Group companies, including the Company, have an open matter in relation to a claim for group relief of losses incurred in a former Irish banking subsidiary of the Lloyds Banking Group, which ceased trading on 31 December 2010. Further details can be found in note 15.

### Key performance indicators ('KPIs')

The directors of the Group manage the Group's operations on a divisional basis. At year end, the Company was included within the Retail Finance Division.

As at 31 December 2017 the Company had total assets of £467,228,000 (2016: £468,733,000).

Given the principal activity of the Company is that of a holding company, the directors do not consider analysis using KPIs is required.

### Future developments

Following the transfer of all vehicles leased by the Company's subsidiary undertakings to Lex Autolease Limited in previous years, it is the Company's intention to settle all remaining intercompany balances with subsidiary companies and for the Company to eventually become dormant.

### Risk management

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

### Supplier payment policy

The Company did not trade with suppliers during the current year or previous year.

# Lex Vehicle Leasing (Holdings) Limited

## Directors' report for the year ended 31 December 2017 *(continued)*

### Directors and directors' interests

The directors who held office at the date of signing the financial statements are listed on page 1.

### Directors' indemnities

The Group has granted to the Directors of the Company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements. The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Lex Vehicle Leasing (Holdings) Limited

## Directors' report for the year ended 31 December 2017 (*continued*)

### Going concern

Having considered the risks and uncertainties of the Company the directors are satisfied that the Company has adequate funding and resources to meet all future obligations. Consequently the going concern basis continues to be appropriate in preparing the financial statements.

### Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



**C A Parkes**  
Director

Date: 26 September 2018

# Lex Vehicle Leasing (Holdings) Limited

## Independent auditors' report to the member of Lex Vehicle Leasing (Holdings) Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Lex Vehicle Leasing (Holdings) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Statement of comprehensive income, the Cash flow statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

# Lex Vehicle Leasing (Holdings) Limited

## **Independent auditors' report to the member of Lex Vehicle Leasing (Holdings) Limited** *(continued)*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



# Lex Vehicle Leasing (Holdings) Limited

## Independent auditors' report to the member of Lex Vehicle Leasing (Holdings) Limited (continued)

### Other required reporting

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#### Companies Act 2006 exception reporting

- Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns. We have no exceptions to report arising from this responsibility.

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

Date: 26 September 2018

# Lex Vehicle Leasing (Holdings) Limited

## Statement of comprehensive income

*for the year ended 31 December 2017*

	Notes	2017 £000	2016 £000
Income from investments	13	-	182,961
Other income		-	1
Other expense	4	(188)	-
<b>(Loss)/profit before taxation</b>	5	<b>(188)</b>	<b>182,962</b>
Taxation	6	-	-
<b>(Loss)/profit for the year being total comprehensive (expense)/income for the year</b>		<b>(188)</b>	<b>182,962</b>

A reconciliation of the movement in capital and reserves can be found on page 10.

The accompanying notes on pages 12 to 20 are an integral part of the financial statements.

# Lex Vehicle Leasing (Holdings) Limited

## Balance sheet

as at 31 December 2017

	Notes	2017 £000	2016 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed asset investments	7	13,000	13,000
<b>Total non-current assets</b>		<u>13,000</u>	<u>13,000</u>
<b>Current assets</b>			
Cash and cash equivalents	9	10,125	10,124
Other current assets	8	444,103	445,609
<b>Total current assets</b>		<u>454,228</u>	<u>455,733</u>
<b>Total assets</b>		<u>467,228</u>	<u>468,733</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Other creditors	10	116,631	117,948
<b>Total current liabilities</b>		<u>116,631</u>	<u>117,948</u>
<b>Total liabilities</b>		<u>116,631</u>	<u>117,948</u>
<b>Equity attributable to owner of the parent</b>			
Share capital	11	125,900	125,900
Retained earnings		224,697	224,885
<b>Total equity</b>		<u>350,597</u>	<u>350,785</u>
<b>Total equity and liabilities</b>		<u>467,228</u>	<u>468,733</u>

The accompanying notes on pages 12 to 20 are an integral part of the financial statements.

The financial statements on pages 8 to 20 were approved by the board of directors on 26 September 2018 and were signed on its behalf by:



**C A Parkes**  
Director

# Lex Vehicle Leasing (Holdings) Limited

## Statement of changes in equity

*for the year ended 31 December 2017*

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2016	125,900	41,923	167,823
Profit and total comprehensive income for the year	-	182,962	182,962
At 31 December 2016	125,900	224,885	350,785
Loss and total comprehensive expense for the year	-	(188)	(188)
At 31 December 2017	125,900	224,697	350,597

The accompanying notes on pages 12 to 20 are an integral part of the financial statements.

# Lex Vehicle Leasing (Holdings) Limited

## Cash flow Statement

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(188)	182,962
Adjustments for:			
Dividends receivable		-	(182,961)
Net cash from operations		(188)	1
Tax paid		-	(4,004)
<b>Net cash used in operating activities</b>		(188)	(4,003)
<b>Cash flows from financing activities</b>			
Decrease in amounts due to group companies		(1,317)	(193,682)
Decrease in amounts due from group companies		1,506	10,238
Increase in other receivables		-	(1)
<b>Net cash generated from/(used in) financing activities</b>		189	(183,445)
<b>Cash flows from investment activities</b>			
Dividend received		-	182,961
<b>Net cash generated from financing activities</b>		-	182,961
<b>Net increase/(decrease) in cash and cash equivalents</b>		1	(4,487)
Cash and cash equivalents at beginning of year		10,124	14,611
<b>Cash and cash equivalents at end of year</b>	9	10,125	10,124

The accompanying notes on pages 12 to 20 are an integral part of the financial statements.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements

*for the year ended 31 December 2017*

### 1. Significant accounting policies

#### Basis of preparation

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

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

No new IFRS pronouncements relevant to the Company have been adopted in these financial statements.

Details of those pronouncements which will be relevant to the Company and which have not been applied in preparing these financial statements are given in note 14.

The financial statements have been prepared under the historic cost convention.

#### Going concern

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

#### Group financial statements

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27 "Consolidated and Separate Financial Statements" and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

#### Financial assets and liabilities

Financial assets of the Company include amounts due from other group companies and other receivables. Financial liabilities of the Company include amounts owed to other group companies.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 1. Significant accounting policies *(continued)*

#### **Taxation**

Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates which are enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effect of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less provision for any impairment. At each reporting date, an assessment is undertaken to determine if there is any indication of impairment. This assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary. If there is an indication of impairment an estimate of the recoverable amount is made. If the carrying value exceeds the recoverable amount then a provision for impairment is made to reduce the carrying value to the recoverable amount.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest rate basis.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 1. Significant accounting policies *(continued)*

#### Revenue

Revenue relates to interest earned on the call account and is recognised in the period in which it is earned.

#### Dividends

Dividend payments are recognised in the period in which they have been approved by the directors and paid to the shareholder.

### 2. Risk management policy

The Company's operations expose it to liquidity risk; it is not exposed to any foreign exchange, interest rate risk or credit risk. Responsibility for the control of overall risk within the Company lies with the Board of Directors, operating within a managerial framework established by the Retail Finance Division of the ultimate parent, Lloyds Banking Group plc.

The liquidity risk faced by the Company is in substance managed and borne by other group companies which provide funding to the Company.

#### Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to the owner, return capital to the owner, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

### 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.

The Company regularly reviews its investment in subsidiary undertakings for indicators of impairment. In determining whether impairment has occurred, the Company uses the higher of value in use or fair value less cost to sell. As the majority of subsidiaries are dormant, their net asset value is compared to the carrying value and in all cases exceeds the carrying value.



# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 4. Other Expense

	2017 £000	2016 £000
Waiver of debt due from subsidiary undertaking (note 13)	(188)	-

### 5. (Loss)/profit before taxation

Fees payable to the Company's Auditors for the audit of the financial statements of £5,000 (2016: £5,000) have been borne by a fellow subsidiary undertaking. Accounting and administration costs are also borne by a fellow subsidiary undertaking.

The Company did not directly employ any person during the year (2016: none) and as such no employee costs (2016: £nil) have been included in the statement of comprehensive income.

No director received any fees or emoluments during the year (2016: £nil). The directors are employed by other companies within Lloyds Banking Group plc and consider that their services to the Company are incidental to their other responsibilities within the Group.

### 6. Taxation

	2017 £000	2016 £000
<b>Current tax:</b>		
Current tax on profit for the year	-	-
Total tax charge	-	-

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
(Loss)/profit before taxation	(188)	182,962
Tax using the blended rate of corporation tax in the UK of 19.25% (2016: 20%)	(36)	36,592
Effect of:		
Non-taxable income	-	(36,592)
Disallowed items	36	-
Tax charge for the year	-	-

The Finance (No. 2) Act 2015 reduced the main rate of corporation tax to 19% with effect from 1 April 2017.

Finance Act 2016 further reduced the main rate of corporation tax to 17% with effect from 1 April 2020.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 7. Fixed asset investments

	2017 £000	2016 £000
Investment in subsidiary undertakings at cost	13,000	13,000

In compliance with Section 409 of the Companies Act 2006, the following comprises a list of all subsidiary undertakings of the Company at 31 December 2017.

Name	Principal activity	Ownership	Class of share held	Year end
Lex Vehicle Finance Limited	In liquidation	100%	Ordinary	31 December
Lex Vehicle Leasing Limited	Property holding	100%	Ordinary	31 December
Vehicle Leasing (1) Limited	In liquidation	100%	Ordinary	31 March
Vehicle Leasing (2) Limited	In liquidation	100%	Ordinary	30 June
Vehicle Leasing (3) Limited	In liquidation	100%	Ordinary	30 September
Vehicle Leasing (4) Limited	In liquidation	100%	Ordinary	31 December
Lex Vehicle Partners Limited	In liquidation	100%	Ordinary	31 December
Lex Vehicle Partners (1) Limited	In liquidation	100%	Ordinary	31 March
Lex Vehicle Partners (2) Limited	In liquidation	100%	Ordinary	30 June
Lex Vehicle Partners (3) Limited	In liquidation	100%	Ordinary	30 September
Lex Vehicle Partners (4) Limited	In liquidation	100%	Ordinary	31 December

All investments are included at original cost. There was no movement in the cost of investments during either the current year or the previous year.

### 8. Other assets

	2017 £000	2016 £000
<b>Other current assets</b>		
Amounts due from group companies (note 13)	444,077	445,583
Other receivables	26	26
	<u>444,103</u>	<u>445,609</u>

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

### 9. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and call account (note 13)	10,125	10,124

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 10. Other creditors

	2017	2016
	£000	£000
<b>Current liabilities:</b>		
Amounts owed to group companies (note 13)	116,631	117,948
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, non interest bearing, and are repayable on demand; although there is no expectation that such a demand would be made.

### 11. Share capital

	2017	2016
	£000	£000
<i>Allotted, issued and fully paid</i>		
<b>Equity</b>		
62,950,001 (2016: 62,950,001) A ordinary shares of £1 each	62,950	62,950
8,450,001 (2016: 8,450,001) B ordinary shares of £1 each	8,450	8,450
54,500,000 (2016: 54,500,000) redeemable preference shares of £1 each	54,500	54,500
	<hr/>	<hr/>
	125,900	125,900
	<hr/>	<hr/>

The redeemable preference shares carry no rights to any income of the Company. The holders of the redeemable preference shares have no rights to receive notice of or vote at any general meeting of the Company.

The preference shares are redeemable by the Company at any time at not less than ten days written notice. Redemption of the redeemable preference shares shall be pro rata to the respective holdings of each holder of the redeemable preference shares. The holders of the redeemable preference shares have priority on winding up or other return of capital, when they would receive repayment of a sum equal to the nominal value of the shares, to the extent that the shares have been credited as paid up.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 12. Parent undertaking

The Company's immediate parent company is Halifax Vehicle Leasing (1998) Limited. The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Bank of Scotland plc is the parent undertaking of the smallest such group of undertakings. Copies of the group financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

### 13. Related party transactions

#### Transactions with group companies

Transactions during the year and balances outstanding at the year end with group companies are as follows:

	2017 £000	2016 £000
<b>Transactions:</b>		
Intercompany debt waiver	(188)	-
Income from investments – dividends received	-	182,961
<b>Outstanding balances:</b>		
Cash at bank and call account	10,125	10,124
ACL Autolease Holdings Limited	23,551	23,551
Bank of Scotland plc	2,498	1,287
Capital Bank Vehicle Management Limited	-	2,529
Halifax Vehicle Leasing (1998) Limited	418,028	418,028
Lex Vehicle Partners (3) Limited	-	188
Amounts due from group companies	444,077	445,583
Godfrey Davis (Contract Hire) Limited	-	391
HVF Limited	15,835	15,835
Lex Autolease Limited	4,654	5,969
Lex Vehicle Leasing Limited	83,142	82,753
Vehicle Leasing (4) Limited	13,000	13,000
Amounts owed to group companies	116,631	117,948

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

for the year ended 31 December 2017

### 13. Related party transactions *(continued)*

#### Transactions with directors and key managers

No remuneration was paid or is payable by the Company to the directors (2016: £nil). The directors are employed by other companies within Lloyds Banking Group plc and consider that their duties to this Company are incidental to their other activities within the Group.

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management personnel comprise the directors of the Company and certain other senior management within Retail Finance Division. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their activities within the Group.

### 14. Accounting policies

The following pronouncement will be relevant to the Company but were not effective at 31 December 2017 and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
IFRS 9 <i>Financial Instruments</i>	Replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised costs, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle based approach than IAS 39.	Annual periods beginning on or after 1 January 2018.

The full impact of this pronouncement is being assessed by the Company. However, the initial view is that this is not expected to cause any material adjustments to the reported numbers in the financial statements.

# Lex Vehicle Leasing (Holdings) Limited

## Notes to the financial statements *(continued)*

*for the year ended 31 December 2017*

### **15. Contingent liabilities**

The Group provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to tax authorities. This includes open matters where Her Majesty's Revenue and Customs (HMRC) adopt a different interpretation and application of tax law which might lead to additional tax. The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010.

In 2013 HMRC informed the Group that their interpretation of the UK rules, permitting the offset of such losses, denies the claim; if HMRC's position is found to be correct management estimate that this would result in an increase in current tax liabilities for the Company of approximately £386,000 (including interest) (2016: £378,000). The Group does not agree with HMRC's position and, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.