LEX VEHICLE PARTNERS (2) LIMITED

Directors' Report and Financial Statements

30 June 2009

Registered number 2953302

Registered Office:
Charterhall House
Charterhall Drive
Chester
Cheshire
CH88 3AN

Lex Vehicle Partners (2) Limited

Directors' Report and Financial Statements

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Lex Vehicle Partners (2) Limited

Directors

J K Walden	(resigned 31 March 2009)
L J Town	(resigned 7 April 2009)
S J Ballingall	(resigned 10 June 2009)
N C Stead	(appointed 5 May 2009)
R Francis	(appointed 5 May 2009)
C A Parkes	(appointed 22 July 2009)

Secretary

P Gittins

Lex Vehicle Partners (2) Limited

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2009

Principal activities

The principal activity of the Company is vehicle leasing

Business review

Lex Vehicle Partners Limited, a fellow group company, acts as an agent and provides agency services in respect of which the Company pays an annual fee The services provided by the agent comprise of seeking new business, negotiating and agreeing terms of and arranging the execution of all lease documents on behalf of the Company The agent maintains accurate accounting and other records and is responsible for the settlement of all invoices relating to the services The business is funded by the parent company Lex Vehicle Leasing (Holdings) Limited, which is itself funded by Lloyds Banking Group plc

In January 2009 the Company's ultimate parent, HBOS plc, was acquired by Lloyds TSB Group plc and the enlarged group was renamed the Lloyds Banking Group plc

Risk management

The key risks and uncertainties faced by the Company are managed within the framework established for the Lloyds Banking Group plc, previously HBOS plc Interest rate risk and credit risk are discussed below The Company is funded by its parent and ultimately liquidity risk is managed within the Lloyds Banking Group plc, previously HBOS plc The Company does not have any exposure to foreign exchange risk

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis Further information is provided in note 12

Interest rate risk

All agreements are fixed rate agreements where the customer is committed to pay interest at a rate fixed at the commencement of the agreement for the agreement term, as such the Company is exposed to interest rate risk This risk is not managed at the Company level However, on a Group basis, this risk is materially hedged by fixed interest bearing financial liabilities that are held within the parent company, Lex Vehicle Leasing (Holdings) Limited The cost of these liabilities is passed down to the individual companies by way of a Group recharge

Performance

The Company has conducted its activities throughout the year in a satisfactory manner No significant change in the scale or nature of the Company's activities is expected in the short term However, the integration of the Company within the Lloyds Banking Group in the medium term is likely to result in the Company ceasing to write new business Thereafter new business will be written in another Lloyds Banking Group company

During the year the fleet increased from 5,476 vehicles to 6,353 vehicles The Company has total assets of £85 9m compared to £73 4m in 2008 The Company experienced a pre tax loss in the year of £1 4m (2008 £0 9m profit) The downturn in the second hand car market has severely impacted this year's results with disposal losses of £1 7m being incurred (2008 £0 5m loss) and an increase to the Residual value provision of £1 2m (2008 £0 3m release)

Lex Vehicle Partners (2) Limited

Directors' report *(continued)*

Results and dividends

The results for the year are shown in the Income Statement on page 7 A dividend of £616,000 was paid during the year (*2008 £nil*)

Supplier payment policy

The Company follows "The Better Payment Practice Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers A copy of the code and information about it may be obtained from the BIS Publications Order Line 0845-0150-010 quoting ref URN 04/606

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 7 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 a result of the agency agreement in place, the Company had no specific trade payables at 30 June 2009 and so the average number of days credit taken at 30 June 2009 was nil (*2008 nil*)

Going concern

As set out in the 'Principles underlying going concern assumption' paragraph of the Basis of Preparation section of the Notes to the Accounts, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts

Directors and directors' interests

The directors who held office during the year are listed on page 1

By order of the board

R Francis
Director

Charterhall House
Charterhall Drive
Chester
Cheshire
CH88 3AN

Lex Vehicle Partners (2) Limited

Statement of directors' responsibilities in respect of the Annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU)

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,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements, 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 confirm that they have complied with the above requirements in preparing the financial statements

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 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

Auditors

Following the resignation of KPMG on 10 June 2009, PricewaterhouseCoopers LLP were appointed as auditors of the Company with effect from the same date by resolution of the members dated 13 July 2009

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and PricewaterhouseCoopers LLP will therefore continue in office

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

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

This confirmation is given, and should be interpreted, in accordance with section 418 of the Companies Act 2006

Independent auditors' report to the members of Lex Vehicle Partners (2) Limited

We have audited the financial statements of Lex Vehicle Partners (2) Limited for the year ended 30 June 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2009 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Lex Vehicle Partners (2) Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date 30 March 2010

Lex Vehicle Partners (2) Limited

Income statement

for the year ended 30 June 2009

	Notes	**2009** **£000**	2008 £000
Revenue	*2*	**24,053**	21,364
Cost of sales		**(17,898)**	(14,182)
Gross profit		**6,155**	7,182
Other operating expenses		**(5,096)**	(4,234)
Operating profit before financing costs	*3*	**1,059**	2,948
Financial expenses		**(2,419)**	(2,090)
(Loss)/profit before taxation		**(1,360)**	858
Income tax credit/(expense)	*4*	**284**	(203)
(Loss)/profit for the year		**(1,076)**	655

All of the above amounts are in respect of continuing operations A reconciliation of the movement in capital and reserves can be found on page 9

The notes on pages 11 to 20 form an integral part of these financial statements

Lex Vehicle Partners (2) Limited

Balance sheet

As at 30 June 2009

	Notes	2009 £000	2008 £000
Assets			
Property, plant and equipment	*5*	**78,642**	66,936
Deferred tax assets	*8*	**1,557**	-
Total non-current assets		**80,199**	66,936
Assets awaiting sale	*5*	**856**	1,108
Trade and other receivables	*6*	**4,811**	5,401
Total current assets		**5,667**	6,509
Total assets		**85,866**	73,445
Equity			
Issued capital	*7*	**-**	-
Accumulated profits		**2,346**	4,038
Total equity		**2,346**	4,038
Liabilities			
Other payables	*9*	**2,663**	2,217
Deferred tax liabilities	*8*	**-**	1,858
Total non-current liabilities		**2,663**	4,075
Trade and other payables	*9*	**76,258**	63,134
Corporation tax creditor	*9*	**4,599**	2,198
Total current liabilities		**80,857**	65,332
Total liabilities		**83,520**	69,407
Total equity and liabilities		**85,866**	73,445

The financial statements on pages 7 to 20 were approved by the board of directors on 25th March 2010 and were signed on its behalf by

R. Francis
Director

Lex Vehicle Partners (2) Limited

Statement of changes in equity

As at 30 June 2009

	Share Capital £'000	Retained profits £'000	Total £'000
At 1 July 2007	-	**3,383**	**3,383**
Profit for the year	-	655	655
At 30 June 2008	-	**4,038**	**4,038**
Loss for the year	-	(1,076)	(1,076)
Dividends	-	(616)	(616)
At 30 June 2009	-	**2,346**	**2,346**

The notes on pages 11 to 20 form an integral part of these financial statements

Lex Vehicle Partners (2) Limited

Cash flow statement

for the year ended 30 June 2009

	Notes	2009 £000	2008 £000
(Loss)/profit before tax		**(1,360)**	858
Depreciation of property, plant and equipment		**15,008**	12,939
Loss on sale of fixed assets		**1,668**	509
Increase in trade and other receivables		**590**	(1,988)
Increase in trade and other payables		**1,771**	461
Increase/(decrease) in residual value provision		**1,222**	(349)
Cash flows from operating activities		**18,899**	12,430
Taxes paid via group relief		**(731)**	(192)
Net cash from operating activities		**18,168**	12,238
Cash flows from investing activities			
Purchase of property, plant and equipment		**(42,325)**	(35,300)
Proceeds on disposal of property, plant and equipment		**12,974**	12,018
Net cash outflow from investing activities		**(29,351)**	(23,282)
Cashflows from financing activities			
Dividends paid		**(616)**	-
Net Cash from financing activities		**(616)**	-
Net decrease in cash and cash equivalents		**(11,799)**	(11,044)
Cash and cash equivalents at 1 July		**(61,254)**	(50,210)
Cash and cash equivalents at 30 June	*10*	**(73,053)**	(61,254)

The notes on pages 11 to 20 form an integral part of these financial statements

Lex Vehicle Partners (2) Limited

Notes to the financial statements

1. Significant accounting policies

Lex Vehıcle Partners (2) Lımıted ıs a company ıncorporated and domıcıled ın the Unıted Kıngdom

The financıal statements were authorısed for ıssue by the dırectors on 25th March 2010

Basis of preparation

The financıal statements have been prepared and approved by the dırectors ın accordance wıth Internatıonal Fınancıal Reportıng Standards as adopted by the EU

Detaıls of amendments to IFRSs that have not been ımplemented ın these accounts have been ıncluded ın note 15

The financıal statements are presented ın Sterlıng, rounded to the nearest thousand They are prepared on the hıstorıcal cost basıs

The accountıng polıcıes set out below have been applıed consıstently to all perıods presented ın these financıal statements

Prıncıples underlyıng goıng concern assumptıon

The Company ıs relıant on fundıng provıded by Lloyds TSB Bank plc Notwıthstandıng the ımprovement ın market lıquıdıty durıng 2009, the Company's ultımate parent company, Lloyds Bankıng Group plc, contınues to be relıant on UK Government sponsored measures to maıntaın ıts wholesale fundıng posıtıon The dırectors are satısfied that ıt ıs the ıntentıon of Lloyds Bankıng Group plc that ıts subsıdıarıes ıncludıng the Company wıll contınue to receıve fundıng ın the future and, accordıngly, the financıal statements have been prepared on a goıng concern basıs

Property, plant and equipment

Items of property, plant and equıpment are stated at cost less accumulated deprecıatıon and ımpaırment losses Deprecıatıon ıs charged to the ıncome statement on a straıght-lıne basıs over the estımated useful lıves of each part of an ıtem of property, plant and equıpment The estımated useful lıves are as follows

Vehıcles held on contract hıre
The cost of vehıcles ıs deprecıated to estımated resıdual value over theır useful lıves on a straıght-lıne basıs Resıdual values are subject to a revıew on at least an annual basıs to ıdentıfy any potentıal ımpaırment

A resıdual value provısıon ıs made agaınst vehıcles by comparıng the net present value of expected cash flows wıth the carryıng value A key element of the cash flow ıs the expected resıdual value of vehıcles at the end of theır contract In order to arrıve at the expected resıdual value, estımates have been made as to how the used vehıcle market ıtself wıll move over tıme Any ımpaırment ıdentıfied ın thıs manner ıs charged to the ıncome statement ımmedıately (see page 13)

Trade and other receivables

Trade and other receıvables are stated at theır nomınal amount (dıscounted ıf materıal) less ımpaırment losses

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

Assets awaiting sale

Assets awaiting sale comprise of operating leased assets where the agreements have reached their termination date, but the assets will not be sold until after the balance sheet date Such assets are reported at the lower of amortised cost or expected net realisable value

Financial assets and liabilities

All regular methods of purchase and sale of financial assets are recognised on the trade date i e the date the Company commits to the purchase or sale of the asset

All financial assets are initially measured at fair value plus transaction costs which are directly attributable to their acquisition

Financial liabilities are measured initially at fair value plus any directly attributable transaction costs

Operating leases

Assets leased to customers are classified as operating leases on the basis that substantially all of the risks and rewards of those assets are retained by the Company These assets are disclosed in the balance sheet as assets held for contract hire within property, plant and equipment and are recorded at cost less accumulated depreciation, which is calculated on a straight line basis, and less any provision for impairment

Operating lease rental income is recognised in the income statement on a straight line basis Initial direct costs incurred are deferred and allocated to income over the lease term in proportion to the recognition of rental income

Financial expenses

Financial expenses represent borrowing costs which are recognised as an expense in the period in which they are incurred

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid

Income tax

Income tax on the profit for the year comprises current and deferred tax Income tax is recognised in the income statement 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

Notes to the financial statements *(continued)*

1. Significant accounting policies *(continued)*

Income tax (continued)

Deferred tax is provided 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, using tax rates 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

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

Impairment provisions

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment If any such indication exists, the assets' recoverable amount is estimated Impairment is assessed individually for financial assets

The recoverable amount of other assets including operating leases is the greater of their net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

If impaired, the carrying value is adjusted and the difference charged to the income statement The reversal of an impairment loss for an asset is recognised immediately in the income statement An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised

In accordance with IAS 8, the depreciation on assets has been adjusted prospectively in instances where the future estimated residual value has increased compared to the original estimated residual value

2. Revenue

Revenue received in the year consists of

	2009	2008
	£000	£000
Income from operating leased assets	**24,053**	21,364
	24,053	21,364

Notes to the financial statements *(continued)*

3. Operating profit before financing costs

Operating profit before financing costs has been arrived at after charging/(crediting)

	2009 £000	2008 £000
Depreciation	**15,008**	12,939
Loss on sale of property, plant and equipment	**1,668**	509
Auditors' remuneration for audit services	**10**	10

Lex Vehicle Partners Limited provided management services to the Company during the year The charges it made include an element in respect of directors' and employees' remuneration, which it is not possible to identify separately As such, no employee costs have been included in the income statement

4. Income tax (credit)/expense

Recognised in the income statement

	2009 £000	2008 £000
Current tax expense		
Current year	**4,678**	1,467
Adjustments for prior years	**(1,547)**	(141)
Deferred tax expense		
Origination and reversal of temporary differences	**(5,059)**	(1,260)
Adjustments for prior years	**1,644**	137
Total income tax (credit)/expense in income statement	**(284)**	203

Reconciliation of effective tax rate

The tax assessed for the year varies from the standard rate of Corporation Tax in the UK (28%, *2008 30%*) The differences are explained below

	2009 £000	2008 £000
(Loss)/profit before tax	**(1,359)**	858
Income tax using the standard corporation tax rate of 28% (*2008 30%*)	**(381)**	253
Effects of		
Under provided in prior years	**97**	(5)
Reduction in opening deferred taxes resulting from reduction in the tax rate to 28% from April 2008	**-**	(45)
Total income tax (credit)/expense for the year	**(284)**	203

Notes to the financial statements *(continued)*

5. Property, plant and equipment

	Assets held for contract hire £000
Cost	
1 July 2008	90,563
Additions	42,325
Disposals	(28,481)
30 June 2009	104,407
Depreciation and other asset provisions	
1 July 2008	22,519
Charge for the year	15,008
Residual value provision	1,222
Disposals	(13,839)
30 June 2009	24,909
Net book value	
At 30 June 2009	
Assets held for contract hire	78,642
Assets awaiting sale	856
	79,498
Net book value	
At 30 June 2008	
Assets held for contract hire	66,936
Assets awaiting sale	1,108
	68,044

Notes to the financial statements *(continued)*

5. Property, plant and equipment *(continued)*

Details of the movement in property, plant and equipment in 2008 were as follows

	Assets held for Contract hire £000
Cost	
1 July 2007	80,455
Additions	35,300
Disposals	(25,192)
30 June 2008	90,563
Depreciation and other asset provisions	
1 July 2007	22,594
Charge for the year	12,939
Residual value provision	(349)
Disposals	(12,665)
30 June 2008	22,519
Net book value	
At 30 June 2008	
Assets held for contract hire	66,936
Assets awaiting sale	1,108
	68,044
Net book value	
At 30 June 2007	
Assets held for contract hire	56,700
Assets awaiting sale	1,161
	57,861

There were no capital commitments at 30 June 2009 (*2008 £nil*)

The aggregate rentals receivable during the year in respect of operating leases and similar agreements were £23 1m (*2008 £20 5m*)

The net book value of assets held for contract hire at the year end includes non-guaranteed residual values amounting to £52 0m (*2008 £44 7m*) These mature as follows

Non-guaranteed residual values	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	After 5 years £000	Total £000
2009	**20,428**	**12,967**	**18,576**	**-**	**51,971**
2008	16,719	16,894	11,130	-	44,743

Notes to the financial statements *(continued)*

6. Trade and other receivables

	2009 £000	2008 £000
Current trade and other receivables :		
Financial assets		
Other receivables	**3,928**	3,857
Prepayments and accrued income	**883**	1,544
	4,811	5,401

7. Issued capital

	2009 £	2008 £
Authorised		
1,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, issued and fully paid		
2 Ordinary shares of £1 each	**2**	2

8. Deferred taxation

The movement for the year in the deferred tax position was as follows

Deferred taxation	2009 £000	2008 £000
1 July	**1,858**	2,981
Recognised in income statement		
Origination and reversal of temporary differences	**(5,059)**	(1,260)
Adjustments for prior years	**1,644**	137
30 June	**(1,557)**	1,858

Deferred tax liabilities relate to accelerated capital allowances

Notes to the financial statements *(continued)*

9. Liabilities

	2009 £000	2008 £000
Current liabilities:		
Financial liabilities		
Other payables	-	107
Amounts owed to group companies	**73,053**	61,254
Accruals and deferred income	**3,205**	1,773
	76,258	63,134
Tax liability	**4,599**	2,198
	80,857	65,332
Non-current liabilities		
Financial liabilities		
Accruals and deferred income	**2,663**	2,217
	83,520	67,549

10. Cash and cash equivalents

	2009 £000	2008 £000
Cash and cash equivalents owed to group companies	**73,053**	61,254
	73,053	61,254

11. Operating leases

The future minimum lease payments receivable under non cancellable operating leases are as follows

	Not later than one year £000	Later than one year and not later than five years £000	Later than five years £000	Total £000
Amounts receivable	25,557	27,007	-	52,564

Notes to the financial statements *(continued)*

12. Financial instruments

The Company's financial assets and liabilities are restricted to trade receivables and payables which are predominantly due to and from other Group companies, for which the carrying value is deemed to approximate fair value

Credit risk

Trade receivables are predominantly due from other group companies who bear the majority of the exposure to credit risk Management has a credit policy in place within these group companies and the exposure to credit risk is monitored on an ongoing basis At a Group level credit evaluations are performed for all customers and updated annually

Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as

- interest rates (interest rate risk)
- foreign exchange rates (foreign exchange risk)
- residual risk

Liquidity risk

The liquidity risk faced by the Company is in substance managed and borne by other group companies which provide funding to the Company and credit risk is carefully monitored by the Asset Finance business unit credit committees and credit functions Asset Finance is the Lloyds Banking Group business unit in which the Company resides

Fair values

The carrying value of all financial assets and liabilities is not considered to be materially different from fair value

13. Parent undertaking

As at 30 June 2009 the Company's immediate parent company was Lex Vehicle Leasing (Holdings) Limited, which is registered in England and Wales Until 16 January 2009, the company regarded by the directors as the ultimate parent company was HBOS plc, a limited liability company incorporated and domiciled in Scotland, which was also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member

From 16 January 2009, Lex Vehicle Partners (2) Limited's ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group plc) which is incorporated in Scotland Lloyds Banking Group plc will produce consolidated accounts for the year ended 31 December 2009 Copies of the annual report and accounts of Lloyds TSB Group plc for the year ended 31 December 2008 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN

Prior to 16 January 2009, HBOS plc was the ultimate parent undertaking of Lex Vehicle Partners (2) Limited Copies of the annual report and accounts of HBOS plc for the year ended 31 December 2008 may be obtained from HBOS plc's registered office at The Mound, Edinburgh EH1 1YZ

Notes to the financial statements *(continued)*

14. Related party transactions

Transactions with group companies

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

	2009	2008
	£000	£000
	Income/ (expense)	Income/ (expense)
Transactions:		
Commission charged by Lex Vehicle Partners Limited	**(983)**	(876)
Management charges charged by Lex Vehicle Partners Limited	**(1,235)**	(912)
Charges from Lex Vehicle Leasing Limited	**(182)**	(27)
Financial expenses charged by Lex Vehicle Leasing (Holdings) Limited	**(2,419)**	(2,090)
	Debtor/ (creditor)	Debtor/ (creditor)
Outstanding balances:		
Balance due from/(to) Lex Vehicle Leasing Limited	**1,935**	(27)
Balance due (to) Lex Vehicle Leasing (Holdings) Limited	**(74,988)**	(61,227)

Transactions with directors and key managers

There were no related party transactions with directors or key managers (*2008 £nil*)

15. Future Events

IAS not yet applied

The following pronouncements will be relevant to the Company but were not effective for the year ended 30 June 2009 and have not been applied in preparing the financial statements

Amendments to IAS 1 (Revised) 'Presentation of Financial Statements' which is effective for accounting periods commencing on or after 1 January 2009 The revised standard will affect the presentation of owner changes in equity and of comprehensive income Adoption will not change the recognition, measurement or disclosure of specific transactions or events as required by other standards

Improvements to IFRS sets out minor amendments to IFRS standards as part of the annual improvements process and will be dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 January 2009

Amendments to IAS 16 'Property Plant and Equipment' which is effective for periods beginning on or after 1 January 2009 The revised standard requires proceeds from the sale or property, plant and equipment that have been held for rental to others to be recognised as revenue