

# **LEX VEHICLE PARTNERS (2) LIMITED**

## **Director's report and financial statements**

**For the year ended 30 June 2016**

**Registered number: 02953302**

### **Registered Office:**

Charterhall House  
Charterhall Drive  
Chester  
Cheshire  
CH88 3AN

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# Lex Vehicle Partners (2) Limited

## Director's report and financial statements

<i>Contents</i>	<i>Pages</i>
Director and company information	1
Director's report	2-3
Independent auditors' report to the member of Lex Vehicle Partners (2) Limited	4-5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9-12

# Lex Vehicle Partners (2) Limited

## Director and company information

### Director

S M Coles

### Company secretary

D D Hennessey

### 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 Partners (2) Limited

## Director's report for the year ended 30 June 2016

The director presents their report together with the audited financial statements of Lex Vehicle Partners (2) Limited (the "Company") for the year ended 30 June 2016.

### Principal activities and business review

The principal activity the Company is vehicle leasing. During the year ended 30 June 2016 the Company did not trade or incur any liabilities and consequently has made neither profit nor loss. During the year the Company paid a dividend of £3,453,998 on the ordinary shares of the Company. The amount paid was £1,726,999 per ordinary share.

### Risk management

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

### Key performance indicators ('KPIs')

The directors of Lloyds Banking Group plc manage the Group's operations on a divisional basis. At year end and throughout the year, the Company is included within the Consumer Finance Division. As at 30 June 2016 the Company had total assets of £2 (2015: £3,454,000).

### Director and Company secretary

The director and company secretary who held office at the date of signing the financial statements are listed on page 1. The following directors and company secretary were appointed or resigned during the year:

S M Coles	Appointed 1 July 2015
L J Briely	Resigned 30 June 2016
P Gittins (Secretary)	Resigned 28 June 2016
D D Hennessey (Secretary)	Appointed 28 June 2016

### Director's indemnities

Lloyds Banking Group plc has granted to the director 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, or from the date of appointment in respect of the Director who joined the Board of the Company during the financial year, and at the date of approval of the financial statements. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of a director's period of office. The deed indemnifies the director to the maximum extent permitted by law. The Deed for the existing director 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 director's responsibilities

The director is responsible for preparing the Director's report and financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the director has also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under Company law the director must not approve the financial statements unless she is 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.

# Lex Vehicle Partners (2) Limited

## Director's report for the year ended 30 June 2016 (*continued*)

### Statement of director's responsibilities (*continued*)

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB), 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

### Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, director's reports shall include a statement, in the case of each director in office at the date the director's 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
- she has taken all the steps that she ought to have taken as a director in order to make herself 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.

### Going concern

The director is satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis.

### 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



**S M Coles**  
Director

Date: .....20/12/16.....

# Lex Vehicle Partners (2) Limited

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

### Report on the financial statements

#### Our opinion

In our opinion, Lex Vehicle Partners (2) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

Lex Vehicle Partners (2) Limited's financial statements comprise:

- the Balance sheet as at 30 June 2016;
- the Statement of changes in equity for the year then ended;
- the Cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, she has made assumptions and considered future events.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Other matters on which we are required to report by exception

##### Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

#### Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

# Lex Vehicle Partners (2) Limited

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

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to: take advantage of the small companies exemption in preparing the Director's report; and take advantage of the small companies exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the director

As explained more fully in the Statement of director's responsibilities set out on pages 2 and 3, the director is 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 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.

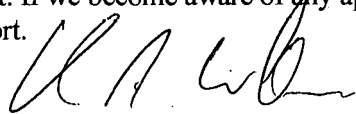
#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Director's report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

One Kingsway,

Cardiff, CF10 3PW

Date: ..... 20 December 2016 .....

# Lex Vehicle Partners (2) Limited

## Balance sheet

as at 30 June 2016

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	4	2	3,454,000
<b>Total current assets</b>		<u>2</u>	<u>3,454,000</u>
<b>Total assets</b>		<u>2</u>	<u>3,454,000</u>
<b>Equity</b>			
Share capital	5	2	2
Retained earnings		-	3,453,998
<b>Total equity</b>		<u>2</u>	<u>3,454,000</u>

The accompanying notes on pages 9 to 12 are an integral part of these financial statements.

The financial statements on pages 6 to 12 were approved by the board of directors and were signed on its behalf by:



**S M Coles**  
Director

Date.....20.12.16.....



# Lex Vehicle Partners (2) Limited

## Statement of changes in equity

*for the year ended 30 June 2016*

	Share capital £	Retained earnings £	Total equity £
At 1 July 2014 and 30 June 2015	2	3,453,998	3,454,000
Dividend paid during the year	-	(3,453,998)	(3,453,998)
At 30 June 2016	<u>2</u>	<u>-</u>	<u>2</u>

The accompanying notes on pages 9 to 12 are an integral part of these financial statements.

# Lex Vehicle Partners (2) Limited

## Cash flow statement

*for the year ended 30 June 2016*

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Result before taxation	-	-
Decrease in amounts due from group companies	3,453,998	-
<b>Net cash generated from operating activities</b>	<u>3,453,998</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,453,998)	-
<b>Net cash used in financing activities</b>	<u>(3,453,998)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	-	-
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	<u>-</u>	<u>-</u>

The accompanying notes on pages 9 to 12 are an integral part of these financial statements.

# Lex Vehicle Partners (2) Limited

## Notes to the financial statements

*for the year ended 30 June 2016*

### 1. Significant accounting policies

Lex Vehicle Partners (2) Limited ("the Company") is a limited company incorporated and domiciled in England and Wales.

#### 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.

A statement of comprehensive income and has not been presented in these financial statements as this would show £nil amounts for the current and preceding financial years.

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

#### Going concern

The director is satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis.

#### Financial assets and liabilities

Financial assets of the Company include amounts due from other group companies. All financial assets are initially measured at fair value.

#### Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

### 2. Risk management policy

The Company's operations do not expose it to any significant credit risk, liquidity risk, interest rate risk, market risk, foreign exchange risk or business risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by a fellow subsidiary company, Lloyds Bank Asset Finance Limited, and the ultimate parent, Lloyds Banking Group plc.

# Lex Vehicle Partners (2) Limited

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

for the year ended 30 June 2016

### 3. Result before taxation

During 2016, fees payable to the Company's auditors for the audit of the financial statements of £1,000 were borne by a fellow group company and were not recharged to the Company. The Company was dormant during the year ended 30 June 2015 and, therefore, was not subject to audit. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

The Company did not directly employ any person during the year (2015: none). No director received any fees or emoluments during the year (2015: £nil). The director is employed by other companies within Lloyds Banking Group plc and considers that her service to the Company is incidental to her other responsibilities within the Group.

### 4. Trade and other receivables

	2016 £	2015 £
<b>Current trade and other receivables:</b>		
Amounts due from group companies (note 7)	2	3,454,000
	<hr/>	<hr/>

### 5. Share capital

	2016 £	2015 £
<b><i>Allotted, issued and fully paid</i></b>		
2 (2015: 2) Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

### 6. Parent undertaking

The Company's immediate parent company is Lex Vehicle Leasing (Holdings) Limited. The company regarded by the director as the ultimate parent company and controlling party is Lloyds Banking Group plc, a 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.

# Lex Vehicle Partners (2) Limited

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

for the year ended 30 June 2016

### 7. Related party transactions

#### Balances with parent company

The outstanding balance at year end with the parent company is as follows:

	Debtor 2016 £	Debtor 2015 £
<b>Outstanding balance:</b>		
Balances due from parent company	2	3,454,000

#### Transactions with director and key managers

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 director of the Company and the members of the Lloyds Bank Asset Finance Limited Board, which comprise the statutory directors of that company and certain other senior management. Key management personnel are employed by other companies within the Lloyds Bank Asset Finance Limited sub group and consider that their services to the Company are incidental to their activities within the Group.

### 8. 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 shareholder, return capital to the shareholder, 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.

# Lex Vehicle Partners (2) Limited

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

*for the year ended 30 June 2016*

### **9. Contingent liabilities and capital commitments**

There were no contracted capital commitments at the balance sheet date (2015: £nil).

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 £588k (including interest). 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.

### **10. Dividend**

On 28 June 2016, the Company paid a dividend of £3,453,998 on the ordinary shares of the Company. The amount paid was £1,726,999 per ordinary share.