

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

## **Directors' Report and Financial Statements**

**30 June 2002**

**Registered number 2953302**

**Registered Office:**

Lex House  
17 Connaught Place  
London  
W2 2EL



# Lex Vehicle Partners (2) Limited

## **Directors' Report and Financial Statements**

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# Lex Vehicle Partners (2) Limited

## Directors

R Francis (Appointed 18 February 2002)

J K Walden

R W Wastell

A Hay (Resigned 18 February 2002)

## Secretary

P M Coles

# Lex Vehicle Partners (2) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

### Principal Activities

The principal activity of the company is vehicle leasing.

### Business Review

The profit for the year ended 30 June 2002 was £472,000 (2001: £282,000). The directors did not propose the payment of an interim dividend during the year (2001: £nil) and, accordingly, a surplus of £472,000 (2001: £282,000) was recorded on the profit and loss account. The directors do not recommend the payment of a final dividend (2001: £nil).

During the year the fleet reduced from 4,444 to 4,277 vehicles.

### Directors and directors' interests

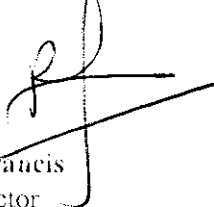
The directors who held office during the period are shown on page 1.

None of the persons who were directors at 30 June 2002 had any interests in the shares of the company.

### Auditor

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

By order of the board

  
R Francis  
Director

28 February 2003

# Lex Vehicle Partners (2) Limited

## Statement of directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

Company law requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Lex Vehicle Partners (2) Limited

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

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of directors and auditor*

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of audit opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc

Chartered Accountants  
Registered Auditor  
Manchester

28 February 2003

# Lex Vehicle Partners (2) Limited

## Profit and Loss Account

for the financial year ended 30 June 2002

	Notes	2002 £000	2001 £000
Turnover		18,817	20,353
Depreciation and other amounts written off tangible fixed assets		(11,223)	(11,734)
Other operating charges		(4,990)	(5,754)
Operating profit	2	2,604	2,865
Interest payable	4	(1,926)	(2,441)
Profit on ordinary activities before taxation		678	424
Taxation on profit on ordinary activities	5	(206)	(142)
Result for the financial year	9	472	282

All of the above amounts are in respect of continuing operations.

The Company has no recognised gains or losses other than the result for the period. A statement of movements on reserves is given in note 10.

The notes on pages 7 to 13 form an integral part of these financial statements.

# Lex Vehicle Partners (2) Limited

## Balance Sheet

at 30 June 2002

	Notes	2002 £000	2001 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	6	46,468	46,279
<b>Current assets</b>			
Debtors	7	3,019	1,653
		<u>49,487</u>	<u>47,932</u>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	(2,830)	(3,302)
<b>Equity shareholders' funds</b>	10	<u>(2,830)</u>	<u>(3,302)</u>
<b>Provisions for liabilities and charges</b>	11	1,451	762
<b>Creditors</b>	12	50,866	50,472
		<u>49,487</u>	<u>47,932</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 28 February 2003 and were signed on its behalf by:

R Francis  
Director



The notes on pages 7 to 13 form an integral part of these financial statements.



# Lex Vehicle Partners (2) Limited

## Notes to the financial statements

### 1. Principal accounting policies

The financial statements have been prepared under the historical cost accounting convention and comply with applicable UK accounting standards and with the requirements of the Companies Act 1985.

#### *Turnover*

Turnover is the invoiced value of rentals due for the year, arising from operating leases with external customers. Sales of used vehicles to the trade, value added tax and sales of fixed assets are not included. The Company operates in only one business segment in the United Kingdom and therefore a segmental report has not been prepared.

#### *Income*

Net income on operating leases after charging interest, depreciation, maintenance and other costs, is credited to the profit and loss account to give a constant periodic rate of return on the operating lease asset over the period of the contract.

#### *Depreciation*

Depreciation is provided to write down assets held for operating leases to their estimated residual values over their useful lives using an actuarial method. Residual values are subject to a review on at least an annual basis to identify any potential impairment.

#### *Taxation*

Provision for group relief is made on the assumption that claimant companies will make payment to the surrendering company at rates appropriate to the periods in which the losses claimed are utilised.

#### *Deferred taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

# Lex Vehicle Partners (2) Limited

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

### 2. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2002 £000	2001 £000
Depreciation	10,682	12,212
Exceptional provision for depreciation on tangible fixed assets held for contract hire	541	(478)
(Profit)/loss on sale of fixed assets	(275)	1,462

A provision of £541,000 was established in the year. (year ended 30 June 2001 : £478,000 provision released) as a result of the completion of an investigation into the fall in the residual value of fixed assets held for contract hire.

### 3. Administrative expenses including directors' and employees' remuneration

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, in addition to the fees in respect of the statutory audit, which it is not possible to identify separately. As such, the company had no employee costs.

### 4. Interest payable and similar charges

	2002 £000	2001 £000
Interest payable to immediate parent undertaking	1,926	2,441

# Lex Vehicle Partners (2) Limited

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

### 5. Taxation on loss on ordinary activities

	2002 £000	2001 £000
Amounts relating to current year:		
(Group Relief) / Corporation Tax based on the results for the year at 30%	(387)	143
Deferred	593	2
(Over)/under provision in respect of prior years:		
Group relief	(96)	(3)
Deferred	96	-
	<hr/> 206	<hr/> 142
	<hr/>	<hr/>

### Factors affecting tax charge for period

The tax assessed for the period varies from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	<hr/> 678	<hr/> 424
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	203	127
Effects of:		
Capital allowances for period (in excess of)/below depreciation	(590)	16
Adjustments to tax charge in respect of previous periods	(96)	(3)
	<hr/>	<hr/>
Current Tax (credit)/charge for period	(483)	140
	<hr/>	<hr/>

# Lex Vehicle Partners (2) Limited

## Notes to the financial statements (continued)

### 6 Tangible fixed assets

	Assets held for Operating leases £000
<i>Cost</i>	
1 July 2001	68,197
Additions	20,508
Disposals	(22,540)
30 June 2002	<u>66,165</u>
<i>Depreciation and other asset provisions</i>	
1 July 2001	21,918
Charge for year and movement in other asset provisions	11,223
Disposals	(13,444)
30 June 2002	<u>19,697</u>
<i>Net book value</i>	
30 June 2002	<u>46,468</u>
30 June 2001	<u>46,279</u>

The net book value of assets held for contract hire at the year end includes unguaranteed residual values amounting to £25,160,000

There were no capital commitments at 30 June 2002 (2001 :£Nil)

### 7 Debtors

	2002 £000	2001 £000
Group relief due from fellow group undertakings	341	-
Other debtors	1,707	1,196
Prepayments and accrued income	971	457
	<u>3,019</u>	<u>1,653</u>

# Lex Vehicle Partners (2) Limited

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

### 8. Called up share capital

	2002	2001
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2

### 9. Profit and Loss Account

	2002	2001
	£000	£000
1 July 2001	(3,302)	(3,584)
Result for the financial year	472	282
30 June 2002	(2,830)	(3,302)

### 10. Reconciliation of movements in shareholders' funds

	2002	2001
	£000	£000
1 July 2001	(3,302)	(3,584)
Result for the financial year	472	282
30 June 2002	(2,830)	(3,302)

# Lex Vehicle Partners (2) Limited

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

### 11. Provisions for liabilities and charges

The following provision has been made for deferred tax in respect of accelerated capital allowances:

	2002 £000	2001 £000
1 July 2001	762	760
Profit and loss account charge in the financial year	689	2
30 June 2002	<u>1,451</u>	<u>762</u>

### 12. Creditors

	2002 £000	2001 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	1,839	300
Amounts owed to immediate parent undertaking	45,271	46,470
Group relief owed to fellow group undertakings	-	13
Accruals and deferred income	3,100	2,892
	<u>50,210</u>	<u>49,675</u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred income	656	797
	<u>656</u>	<u>797</u>

# Lex Vehicle Partners (2) Limited

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

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<b>Amounts falling due after more than one year:</b>		
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# Lex Vehicle Partners (2) Limited

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

### 13. Parent undertaking

The parent undertaking is Lex Vehicle Leasing (Holdings) Limited, which is registered in England and Wales.

The joint venture companies RAC plc and HBOS PLC, which are both registered in England and Wales, are the ultimate parent undertakings of Lex Vehicle Leasing (Holdings) Limited.

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose related party transactions with undertakings controlled within the group.

Copies of the financial statements of HBOS PLC can be obtained from The Secretary, HBOS PLC, The Mound, Edinburgh, EH1 1YZ.

Copies of the financial statements of RAC plc and Lex Vehicle Leasing (Holdings) Limited can be obtained from The Secretary, RAC plc, 17 Connaught Place, London W2 2EL.