

# **LEX VEHICLE LEASING (1) LIMITED**

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

**31 March 2005**

**Registered number 2953304**

**Registered Office:**

Lex House  
17 Connaught Place  
London  
W2 2EL



# Lex Vehicle Leasing (1) Limited

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

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# Lex Vehicle Leasing (1) Limited

## **Directors**

R Francis

J K Walden

P M Coles (appointed 2 July 2004, resigned 30 June 2005)

S C J Machell (appointed 30 June 2005)

P J R Snowball (appointed 30 June 2005)

P C Easter (appointed 30 June 2005)

## **Secretary**

P M Coles (resigned 30 June 2005)

Aviva Company Secretarial Services Limited (appointed 30 June 2005)

# Lex Vehicle Leasing (1) Limited

## Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements for the company for the year ended 31 March 2005.

### Principal Activities

The principal activity of the company is vehicle leasing.

### Business Review

During the year the fleet decreased from 39,413 to 33,265 vehicles.

### Post balance sheet event

On 4<sup>th</sup> May 2005 Aviva plc acquired the entire share capital of RAC plc, one of the joint ultimate parent undertakings.

### Results and dividends

The audited financial statements for the year ended 31 March 2005 are set out on pages 5 to 13. The profit for the year after taxation was £7,890,000 (2004: £2,793,000). The directors do not recommend the payment of a dividend (2004: £nil).

### 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 31 March 2005 had any interests in the shares of the company or any other group undertaking.

### Directors' liabilities

Certain directors benefit from an indemnity against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. This indemnity and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### 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



**J K Walden**  
Director

24 April 2006

# Lex Vehicle Leasing (1) 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.

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Lex Vehicle Leasing (1) Limited

## **Independent auditor's report to the members of Lex Vehicle Leasing (1) 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 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
St James' Square  
Manchester  
M2 6DS

*24 April 2006*

# Lex Vehicle Leasing (1) Limited

## Profit and Loss Account

*for the financial year ended 31 March 2005*

	<i>Notes</i>	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
<b>Turnover</b>	<i>2</i>	<b>126,578</b>	<b>84,194</b>
Depreciation and other amounts written off tangible fixed assets		<b>(81,355)</b>	<b>(41,554)</b>
Other operating charges		<b>(23,096)</b>	<b>(30,893)</b>
<b>Operating profit</b>	<i>4</i>	<b>22,127</b>	<b>11,747</b>
Interest payable	<i>5</i>	<b>(10,037)</b>	<b>(7,755)</b>
<b>Profit on ordinary activities before taxation</b>	<i>3</i>	<b>12,090</b>	<b>3,992</b>
Taxation on profit on ordinary activities	<i>6</i>	<b>(4,200)</b>	<b>(1,199)</b>
<b>Retained profit for the financial year</b>	<i>10</i>	<b>7,890</b>	<b>2,793</b>

All activity has arisen from continuing operations.

The company has no recognised gains or losses in either year other than the profit for that year. A statement of movements in reserves is given in note 11.

The notes on pages 7 to 13 form an integral part of this profit and loss account.

# Lex Vehicle Leasing (1) Limited

## Balance Sheet

at 31 March 2005

	Notes	2005 £000	2004 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	7	260,138	315,688
<b>Current assets</b>			
Debtors	8	8,417	20,952
		<u>268,555</u>	<u>336,640</u>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	2,442	(5,448)
<b>Equity shareholder's funds/(deficit)</b>	11	<u>2,442</u>	<u>(5,448)</u>
<b>Provisions for liabilities and charges</b>	12	15,658	19,709
<b>Creditors</b>	13	250,455	322,379
		<u>268,555</u>	<u>336,640</u>

The financial statements on pages 5 to 13 were approved by the board of directors on  
24 April 2006 and signed on its behalf by:



**J K Walden**  
Director

The notes on pages 7 to 13 form an integral part of this balance sheet



# Lex Vehicle Leasing (1) Limited

## Notes to the financial statements

### 1. Principal accounting policies

The financial statements have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

#### *Turnover*

Turnover is the invoiced value of rentals due for the year, arising from operating leases with external customers.

#### *Cash flow statement*

As permitted by Financial Reporting Standard 1 (revised) "Cash Flow Statements" the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Lex Vehicle Leasing (Holdings) Limited which prepares consolidated financial statements that are publicly available.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write down assets held for operating leases to their estimated residual values over their expected useful lives using an actuarial method (straight-line basis for assets acquired as part of the Ford Business Partner purchase). Residual values are subject to a review on at least an annual basis to identify any potential impairment.

#### *Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

# Lex Vehicle Leasing (1) Limited

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

### 3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2005 £000	2004 £000
Depreciation	81,355	41,554
(Profit)/loss on sale of fixed assets	(2,412)	1,968

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

Lex Vehicle Leasing 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.

### 5. Interest payable and similar charges

	2005 £000	2004 £000
Interest payable to immediate parent undertaking	10,037	7,755

# Lex Vehicle Leasing (1) Limited

## Notes to the financial statements (continued)

### 6. Taxation on profit on ordinary activities

	2005 £000	2004 £000
<b>Current tax</b>		
Group relief payable/(recoverable)	5,305	(8,661)
Adjustments in respect of prior periods	2,946	2
	<u>8,251</u>	<u>(8,659)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,051)	9,858
	<u>4,200</u>	<u>1,199</u>

### Factors affecting tax charge for year

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

	2005 £000	2004 £000
Profit on ordinary activities before tax	<u>12,090</u>	<u>3,992</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	3,627	1,199
Effects of:		
Capital allowances for period in excess of depreciation	-	(9,856)
Depreciation for period in excess of capital allowances	3,450	-
Adjustments to tax charge in respect of previous periods	2,946	(2)
Utilisation of brought forward losses	(1,772)	-
	<u>8,251</u>	<u>(8,659)</u>
Current Tax charge for period		

# Lex Vehicle Leasing (1) Limited

## Notes to the financial statements (continued)

### 7. Tangible fixed assets

	Assets held for Operating leases £000
<i>Cost</i>	
1 April 2004	398,062
Additions	91,183
Disposals	(109,770)
<b>31 March 2005</b>	<b>379,475</b>
<i>Depreciation and other asset provisions</i>	
1 April 2004	82,374
Charge for year and movement in other asset provisions	81,355
Disposals	(44,392)
<b>31 March 2005</b>	<b>119,337</b>
<i>Net book value</i>	
<b>31 March 2005</b>	<b>260,138</b>
31 March 2004	315,688

The net book value of assets held for contract hire at the year end includes unguaranteed residual values amounting to £142,390,000

There were no capital commitments at 31 March 2005 (2004: £nil)

### 8. Debtors

	2005 £000	2004 £000
Group relief owed by fellow group undertakings	4,798	12,292
Other debtors	171	4,481
Prepayments and accrued income	3,448	4,179
	<b>8,417</b>	<b>20,952</b>

# Lex Vehicle Leasing (1) Limited

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

### 9. Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

### 10. Profit and Loss Account

	2005 £000	2004 £000
1 April 2004	(5,448)	(8,241)
Profit for the financial year	7,890	2,793
31 March 2005	2,442	(5,448)

### 11. Reconciliation of movements in shareholder's funds/(deficit)

	2005 £000	2004 £000
1 April 2004	(5,448)	(8,241)
Profit for the financial year	7,890	2,793
31 March 2005	2,442	(5,448)

# Lex Vehicle Leasing (1) Limited

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

### 12. Provisions for liabilities and charges

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

	2005 £000	2004 £000
1 April 2004	19,709	9,851
Charged to the profit and loss account in the year	(4,051)	9,858
31 March 2005	<u>15,658</u>	<u>19,709</u>

### 13. Creditors

	2005 £000	2004 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	21,242	18,829
Other creditors	4,817	-
Amounts owed to immediate parent undertaking	176,379	258,183
Accruals and deferred income	23,307	24,403
	<u>225,745</u>	<u>301,415</u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred income	24,710	20,964
	<u>24,710</u>	<u>20,964</u>

# Lex Vehicle Leasing (1) Limited

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

### 14. Parent undertaking

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

The joint venture companies Aviva 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 Aviva plc and Lex Vehicle Leasing (Holdings) Limited can be obtained from The Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.