

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

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

**31 March 1998**

**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**

D M Foulds

R R Fewster

D A Galloway (Appointed 21 August 1998)

D A Ives (Appointed 22 December 1998)

## **Joint Secretaries**

D A Ives

M L Young

# Lex Vehicle Leasing (1) Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

### Principal Activities

The principal activity of the company is vehicle leasing.

### Business Review

The profit of the company on ordinary activities before taxation for the year ended 31 March 1998 was £1,748,000 (1997: £1,431,000 ).

The taxation credit for the year, which includes movement in the deferred tax provision, was £773,000 (1997: £1,074,000 ).

The profit for the year after taxation amounts to £2,521,000 (1997: £2,505,000 ) and is included in the movement in shareholders' funds shown in note 12.

During the year the fleet grew from 10,831 to 17,768 vehicles.

The retained profit has been transferred to reserves and is included in the movement in shareholders' funds shown in note 12.

On 28 August 1998, Lex Service PLC, through its wholly-owned subsidiary Lex Vehicle Leasing (1998) Limited, acquired from the Lombard North Central PLC group, 30% of the issued share capital of the Company's immediate parent undertaking Lex Vehicle Leasing (Holdings) Limited, together with an option to purchase the remaining 20% at a later date, in accordance with the terms of the Share Sale and Purchase Agreement.

On 31 December 1998, Halifax Plc acquired 50% of the issued share capital of the Company's immediate parent undertaking, Lex Vehicle Leasing (Holdings) Limited. Consequently, Lex Vehicle Leasing (Holdings) Limited is now a joint venture between Lex Service PLC and Halifax Plc. As a result of this, the Company's joint venture partners are Lex Service PLC and Halifax Plc.

### Year 2000

The directors are aware of the Year 2000 computer date problem. A project team has been successful in ensuring that all internal systems have been modified as appropriate and thoroughly tested. The directors now believe these systems to be Year 2000 compliant.

# Lex Vehicle Leasing (1) Limited

## Directors' Report *(continued)*

### Directors and directors' interests

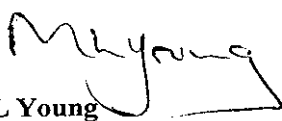
The directors who held office during the period are shown on page 1.

None of the persons who were directors at 31 March 1998 had any interests in the shares of the Company. R R Fewster is a director of the parent undertaking, Lex Vehicle Leasing (Holdings) Limited, and his interests in shares and debentures of group undertakings are included in the parent undertaking accounts. The remaining directors have no interests to declare.

### Auditor

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

By order of the board

  
M L Young  
Secretary

21 January 1999

# Lex Vehicle Leasing (1) Limited

## Statement of Directors' Responsibilities

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 and of the profit or loss 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, 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 Leasing (1) Limited

## Report of the Auditor to the members of Lex Vehicle Leasing (1) Limited

We have audited the financial statements on pages 6 to 14.

### *Respective responsibilities of directors and auditors*

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

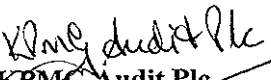
### *Basis of opinion*

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 1998 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

21 January 1999

# Lex Vehicle Leasing (1) Limited

## Profit and Loss Account

for the year ended 31 March 1998

|                                                                     | Note | 1998<br>£000<br>Continuing<br>operations | 1997<br>£000<br>Continuing<br>operations |
|---------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| Turnover                                                            | 2    | 47,466                                   | 23,948                                   |
| Depreciation and other amounts written<br>off tangible fixed assets | 1,8  | (27,874)                                 | (14,454)                                 |
| Other operating charges                                             |      | (10,199)                                 | (3,727)                                  |
| Operating profit                                                    | 5    | 9,393                                    | 5,767                                    |
| Interest payable                                                    | 6    | (7,645)                                  | (4,336)                                  |
| Profit on ordinary activities before taxation                       |      | 1,748                                    | 1,431                                    |
| Taxation credit on profit on ordinary activities                    | 7    | 773                                      | 1,074                                    |
| Retained profit for the financial year                              | 11   | 2,521                                    | 2,505                                    |

A statement of movements on reserves is given in note 12.

A statement of recognised gains and losses has not been prepared as all recognised gains and losses are included in the profit and loss account.

In both the current year and the preceding period, the company made no acquisitions and had no discontinued operations.

The notes on pages 8 to 14 form part of these financial statements.



# Lex Vehicle Leasing (1) Limited

## Balance Sheet

at 31 March 1998

|                                               | Note | 1998<br>£000   | 1997<br>£000   |
|-----------------------------------------------|------|----------------|----------------|
| <b>Assets</b>                                 |      |                |                |
| <b>Fixed assets</b>                           |      |                |                |
| Tangible assets                               | 8    | 173,169        | 119,681        |
| <b>Current assets</b>                         |      |                |                |
| Debtors: due within one year                  | 9    | 12,372         | 22,452         |
|                                               |      | <u>185,541</u> | <u>142,133</u> |
| <b>Liabilities</b>                            |      |                |                |
| <b>Capital and reserves</b>                   |      |                |                |
| Called up share capital                       | 10   | -              | -              |
| Profit and loss account                       | 11   | 6,179          | 3,658          |
|                                               | 12   | <u>6,179</u>   | <u>3,658</u>   |
| <b>Provisions for liabilities and charges</b> |      |                |                |
| Creditors                                     | 13   | 7,530          | 4,997          |
|                                               | 14   | 171,832        | 133,478        |
|                                               |      | <u>185,541</u> | <u>142,133</u> |

These financial statements were approved by the board of directors on 21 January 1999 and were signed on its behalf by:

R R Fewster  
Director



All of the above share capital and profit and loss account relates to equity funds.

The notes on pages 8 to 14 form part of these financial statements

# Lex Vehicle Leasing (1) Limited

## Notes

*(forming part of the financial statements)*

### 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Depreciation*

Assets held for operating leases are depreciated to write off the cost less the estimated residual value over their useful lives using an actuarial method.

#### *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.

#### *Deferred taxation*

Deferred taxation is provided on the liability method on timing differences, but only where it is expected that a taxation liability may arise in the foreseeable future.

#### *Cash flow*

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Related Party Transactions*

The company is exempt from the requirement to include related party transactions as it is a wholly owned subsidiary of Lex Vehicle Leasing (Holdings) Limited which is established under the law of a member state of the European Community and publishes all related party transactions for the group.

### 2. Turnover

Turnover is the invoiced value of rentals due for the year, arising from operating leases with outside customers. The company operates in only one geographical and business segment and therefore a segmental report has not been prepared.

# Lex Vehicle Leasing (1) Limited

## Notes (continued)

### 3. Staff numbers and costs

All personnel have contracts of employment with Lex Service PLC, but the costs of employees are borne by the Lex Vehicle Leasing Group.

### 4. Remuneration of directors

No emoluments were paid to any director during the year (1997: £Nil). None of the directors had any material interest in any contract in relation to the business of the Lex Vehicle Leasing Group.

### 5. Operating Profit

Operating profit is stated after charging:

|                                       | 1998<br>£000 | 1997<br>£000 |
|---------------------------------------|--------------|--------------|
| Depreciation                          | 27,874       | 14,454       |
| (Profit)/Loss on sale of fixed assets | (115)        | 116          |

The Company has not made any payment in respect of the audit for the year to 31 March 1998 (1997: £Nil) as the costs of the statutory audit are included within the management fee paid to a fellow subsidiary undertaking.

### 6. Interest payable and similar charges

|                                                  | 1998<br>£000 | 1997<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Interest payable to immediate parent undertaking | 7,645        | 4,336        |

# Lex Vehicle Leasing (1) Limited

## Notes (continued)

### 7. Taxation

|                                                       | 1998<br>£000 | 1997<br>£000   |
|-------------------------------------------------------|--------------|----------------|
| Amounts relating to current year:                     |              |                |
| Group relief based on the results for the year at 31% | (3,114)      | (3,626)        |
| Deferred taxation (note 13)                           | 2,533        | 2,709          |
| Adjustments relating to earlier years:                |              |                |
| Group relief                                          | (192)        | (40)           |
| Deferred taxation                                     | -            | (117)          |
|                                                       | <u>(773)</u> | <u>(1,074)</u> |

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.

### 8. Tangible fixed assets

|                                                        | Assets held for<br>Operating leases<br>£000 |
|--------------------------------------------------------|---------------------------------------------|
| <i>Cost</i>                                            |                                             |
| At 1 April 1997                                        | 135,758                                     |
| Additions                                              | 89,457                                      |
| Disposals                                              | (11,546)                                    |
| At 31 March 1998                                       | <u>213,669</u>                              |
| <i>Depreciation and other<br/>asset provisions</i>     |                                             |
| At 1 April 1997                                        | 16,077                                      |
| Charge for year and movement in other asset provisions | 27,874                                      |
| On disposals                                           | (3,451)                                     |
| At 31 March 1998                                       | <u>40,500</u>                               |
| <i>Net book value</i>                                  |                                             |
| At 31 March 1998                                       | <u>173,169</u>                              |
| At 31 March 1997                                       | <u>119,681</u>                              |

There were no capital commitments at 31 March 1998 (1997: £Nil).

# Lex Vehicle Leasing (1) Limited

## Notes (continued)

### 9. Debtors

|                                                | 1998<br>£000  | 1997<br>£000  |
|------------------------------------------------|---------------|---------------|
| Amounts falling due within one year            |               |               |
| Amounts owed by fellow subsidiary undertakings | -             | 13,951        |
| Other debtors                                  | 5,098         | 3,611         |
| Prepayments and accrued income                 | 4,160         | 1,224         |
| Group relief owed by fellow group undertakings | 3,114         | 3,666         |
|                                                | <u>12,372</u> | <u>22,452</u> |

### 10. Called up share capital

|                                        | 1998<br>£ | 1997<br>£ |
|----------------------------------------|-----------|-----------|
| <i>Authorised</i>                      |           |           |
| Ordinary shares of £1 each             | 1,000     | 1,000     |
| <i>Allotted, issued and fully paid</i> |           |           |
| Ordinary shares of £1 each             | <u>2</u>  | <u>2</u>  |

### 11. Profit and Loss Account

|                                  | 1998<br>£000 | 1997<br>£000 |
|----------------------------------|--------------|--------------|
| Retained profit at 1 April 1997  | 3,658        | 2,505        |
| Retained profit for the year     | 2,521        | 1,153        |
| Retained profit at 31 March 1998 | <u>6,179</u> | <u>3,658</u> |

# Lex Vehicle Leasing (1) Limited

## Notes (continued)

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

|                                                 | 1998<br>£000 | 1997<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Profit attributable to the company for the year | 2,521        | 1,153        |
| Net increase in shareholders' funds             | <u>2,521</u> | <u>1,153</u> |
| Opening shareholders' funds                     | 3,658        | 2,505        |
| Closing shareholders' funds                     | <u>6,179</u> | <u>3,658</u> |

### 13. Provisions for liabilities and charges

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

|                                                     | 1998<br>£000 | 1997<br>£000 |
|-----------------------------------------------------|--------------|--------------|
| Balance at 1 April 1997                             | 4,997        | 2,405        |
| Charge for the year in the profit and loss (note 7) | 2,533        | 2,592        |
| Balance at 31 March 1998                            | <u>7,530</u> | <u>4,997</u> |

The amount of unprovided deferred taxation in respect of accelerated capital allowances is as follows:

|                  | £000         |
|------------------|--------------|
| At 31 March 1998 | 3,226        |
| At 31 March 1997 | <u>2,141</u> |

# Lex Vehicle Leasing (1) Limited

## Notes (continued)

### 14. Creditors

|                                                  | 1998                          |                              | 1997                          |                              |
|--------------------------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
|                                                  | Within<br>one<br>year<br>£000 | After<br>one<br>year<br>£000 | Within<br>one<br>year<br>£000 | After<br>one<br>year<br>£000 |
| Trade creditors                                  | 10,485                        | -                            | 12,411                        | -                            |
| Amounts owed to fellow<br>subsidiary undertaking | -                             | -                            | 283                           | -                            |
| Amounts owed to immediate<br>parent undertaking  | 152,234                       | -                            | 115,110                       | -                            |
| Other creditors                                  | 241                           | -                            | 167                           | -                            |
| Accruals and deferred income                     | 2,925                         | 5,947                        | 803                           | 4,704                        |
|                                                  | <u>165,885</u>                | <u>5,947</u>                 | <u>128,774</u>                | <u>4,704</u>                 |

Amounts falling due after more than one year include amounts due for repayment after more than five years as follows:

|                                                   | 1998<br>£000 | 1997<br>£000 |
|---------------------------------------------------|--------------|--------------|
| Accruals and deferred income:                     |              |              |
| Amounts falling due after<br>more than five years | -            | 2            |

# Lex Vehicle Leasing (1) Limited

## Notes *(continued)*

### 15. Parent undertaking

At the year end the immediate parent undertaking was Lex Vehicle Leasing (Holdings) Limited, with the ultimate parent undertaking being National Westminster Bank Plc. On 31 December 1998, Lex Service PLC and Halifax Plc became joint venture partners when Halifax Plc acquired 50% of the issued share capital of the Company's immediate parent undertaking, Lex Vehicle Leasing (Holdings) Limited.

Lex Vehicle Leasing (Holdings) Limited, Halifax Plc and Lex Service PLC are all registered in England and Wales.

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

Copies of the financial statements of Halifax Plc can be obtained from The Secretary, Halifax Plc, Trinity Road, Halifax, West Yorkshire, HX1 2RG.

Copies of the financial statements of Lex Service PLC can be obtained from The Secretary, Lex Service PLC, Lex House, 17 Connaught Place, London W2 2EL.