

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

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

**31 March 2003**

**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

G A Jennison

(Resigned 02 July 2002)

J K Walden

## **Secretary**

P M Coles

# Lex Vehicle Leasing (1) Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

### Principal Activities

The principal activity of the company is vehicle leasing.

### Business Review

The profit for the year ended 31 March 2003 was £4,201,000 (2002: £1,696,000). The directors did not propose the payment of an interim dividend during the year (2002: £nil) and, accordingly, a surplus of £4,201,000 (2002: £1,696,000) was recorded on the profit and loss account. The directors do not recommend the payment of a final dividend (2002: £nil).

During the year the fleet increased from 18,423 to 20,326 vehicles.

### Directors and directors' interests

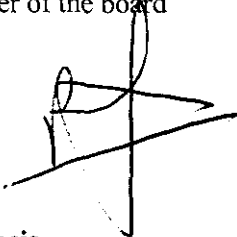
The directors who held office during the period are shown on page 1.

None of the persons who were directors at 31 March 2003 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 Extraordinary General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'R Francis', written over a horizontal line.

**R Francis**  
Director

26<sup>th</sup> January 2004

# 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.

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 Leasing (1) Limited

## Independent auditors 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 2003 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

26<sup>th</sup> January 2004

# Lex Vehicle Leasing (1) Limited

## Profit and Loss Account

for the financial year ended 31 March 2003

	Notes	2003 £000	2002 £000
<b>Turnover</b>		<b>68,885</b>	67,424
Depreciation and other amounts written off tangible fixed assets		(37,265)	(39,336)
Other operating charges		(19,911)	(19,199)
<b>Operating profit</b>	2	<b>11,709</b>	8,889
Interest payable	4	(5,707)	(6,497)
<b>Profit on ordinary activities before taxation</b>		<b>6,002</b>	2,392
Taxation on profit on ordinary activities	5	(1,801)	(696)
<b>Result for the financial year</b>	9	<b>4,201</b>	1,696

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 Leasing (1) Limited

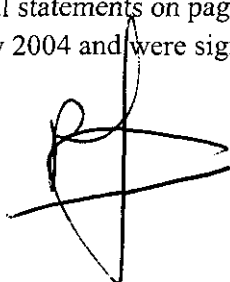
## Balance Sheet

at 31 March 2003

	Notes	2003 £000	2002 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	6	183,750	158,334
<b>Current assets</b>			
Debtors	7	11,216	9,836
		<u>194,966</u>	<u>168,170</u>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	(8,241)	(12,442)
<b>Equity shareholders' funds</b>	10	<u>(8,241)</u>	<u>(12,442)</u>
<b>Provisions for liabilities and charges</b>	11	9,851	6,696
<b>Creditors</b>	12	193,356	173,916
		<u>194,966</u>	<u>168,170</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 26th January 2004 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 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 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 Leasing (1) Limited

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

### 2. Operating profit

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

	2003 £000	2002 £000
Depreciation	37,265	37,483
Provision for depreciation on tangible fixed assets held for contract hire	-	1,853
Loss/(Profit) on sale of fixed assets before release of residual value provision	1,987	(757)

### 3. 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.

### 4. Interest payable and similar charges

	2003 £000	2002 £000
Interest payable to immediate parent undertaking	5,707	6,497

# Lex Vehicle Leasing (1) Limited

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

### 5. Taxation on profit/(loss) on ordinary activities

	2003 £000	2002 £000
Amounts relating to current year:		
Group relief based on the results for the year at 30%	(1,354)	(844)
Deferred	3,155	1,561
(Over)/under provision in respect of prior years:		
Group relief	-	(313)
Deferred	-	292
	<u>1,801</u>	<u>696</u>

### Factors affecting tax charge for period

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

	2003 £000	2002 £000
Profit on ordinary activities before tax	<u>6,002</u>	<u>2,392</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	1,801	717
Effects of:		
Capital allowances for period in excess of depreciation	(3,155)	(1,561)
Adjustments to tax charge in respect of previous periods	-	(313)
	<u>(1,354)</u>	<u>(1,157)</u>

# Lex Vehicle Leasing (1) Limited

## Notes to the financial statements (continued)

### 6. Tangible fixed assets

	Assets held for Operating leases £000
<i>Cost</i>	
1 April 2002	239,773
Additions	86,098
Disposals	(68,502)
31 March 2003	<u>257,369</u>
<i>Depreciation and other asset provisions</i>	
1 April 2002	81,439
Charge for year and movement in other asset provisions	37,265
Disposals	(45,085)
31 March 2003	<u>73,619</u>
<i>Net book value</i>	
31 March 2003	<u>183,750</u>
31 March 2002	<u>158,334</u>

The net book value of assets held for contract hire at the year end includes unguaranteed residual values amount to £87,992,000

There were no capital commitments at 31 March 2003 (2002:£Nil)

### 7. Debtors

	2003 £000	2002 £000
Group relief owed by fellow group undertakings	2,015	1,586
Other debtors	7,241	5,597
Prepayments and accrued income	1,960	2,653
	<u>11,216</u>	<u>9,836</u>

# Lex Vehicle Leasing (1) Limited

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

### 8. Called up share capital

	2003	2002
	£	£
<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

	2003	2002
	£000	£000
1 April 2002	(12,442)	(14,138)
Result for the financial year	4,201	1,696
31 March 2003	(8,241)	(12,442)

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

	2003	2002
	£000	£000
1 April 2002	(12,442)	(14,138)
Result for the financial year	4,201	1,696
31 March 2003	(8,241)	(12,442)

# Lex Vehicle Leasing (1) 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:

	2003 £000	2002 £000
1 April 2002	6,696	4,843
Profit and loss account charge in the financial year	3,155	1,853
31 March 2003	<u>9,851</u>	<u>6,696</u>

### 12. Creditors

	2003 £000	2002 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	5,811	13,519
Amounts owed to immediate parent undertaking	156,997	136,558
Accruals and deferred income	12,663	12,651
	<u>175,471</u>	<u>162,728</u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred income	17,885	11,188
	<u>17,885</u>	<u>11,188</u>

# Lex Vehicle Leasing (1) 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.