

LEX VEHICLE LEASING (2) LIMITED

Directors' Report and Financial Statements

30 June 1996

Register number 2954065



Registered office:
Lex House
17 Connaught Place
LONDON
W2 2EL

Lex Vehicle Leasing (2) Limited

Directors' Report and Financial Statements

<i>Contents</i>	<i>Pages</i>
Directors	1
Directors' Report	2
Statement of Directors' Responsibilities	4
Auditors' Report	5
Profit and Loss Account	6
Balance Sheet	7
Notes	8

Lex Vehicle Leasing (2) Limited

Directors

D.A. Galloway (Resigned 25 September 1996)

D.M. Foulds

A.J. Dorehill (Resigned 31 August 1996)

R.P.T Koster (Appointed 28 March 1996)

R.R. Fewster (Chairman) (Appointed 25 September 1996)

T.F.T Rennie (Appointed 25 September 1996)

Secretary

M L Young

Lex Vehicle Leasing (2) Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 30 June 1996.

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 30 June 1996 was £93 thousand (*period ended 30 June 1995: £1 thousand*).

The taxation credit for the year, which includes movements in the deferred tax provision, was £1,083 thousand (*period ended 30 June 1995: £(1) thousand*).

The retained profit for the year amounts to £1,176 thousand (*period ended 30 June 1995: £nil*) and is included in the movement in shareholders' funds shown in note 11.

During the year the fleet grew from 9 vehicles to 5,283 vehicles.

The directors do not recommend the payment of a dividend.

Changes in fixed assets

The changes in tangible fixed assets are summarised in note 7 to the financial statements.

Directors

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

Directors' Interests

D.A. Galloway 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's accounts. The remaining directors have no interests to declare.

Directors' and Officers' Insurance

The directors and officers of Lex Vehicle Leasing (2) Limited are indemnified under the Lex Service PLC Worldwide Directors and Officers Liability Insurance Cover.

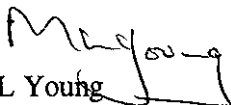
Lex Vehicle Leasing (2) Limited

Directors' report *(continued)*

Auditors

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


M L Young
Secretary

29 October 1996

Lex Vehicle Leasing (2) 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.

Report of the Auditors to the Members of Lex Vehicle Leasing (2) Limited

We have audited the financial statements on pages 6 to 15

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 30 June 1996 and of the 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

29 October 1996

Lex Vehicle Leasing (2) Limited

Profit and loss account

for the year ended 30 June 1996

	Note	1996 £000	1995 £000
Turnover	1	3,924	3
Depreciation and other amounts written off tangible fixed assets	1,7	(2,707)	(2)
Other operating charges		(579)	-
		<hr/>	<hr/>
Operating Profit	4	638	1
Interest payable	5	(545)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		93	1
Taxation credit on profit on ordinary activities	6	1,083	(1)
		<hr/>	<hr/>
Retained profit for the financial year	10	1,176	-
		<hr/>	<hr/>

A statement of movements on reserves is given in note 10.

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

There is no material difference between the result as disclosed in the profit and loss account and the results as on an unmodified cost basis.

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

The notes on pages 8 to 15 form part of these financial statements.

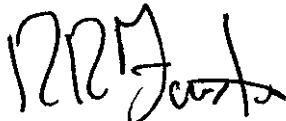
Lex Vehicle Leasing (2) Limited

Balance Sheet

at 30 June 1996

	Note	1996 £000	1995 £000
Assets			
Fixed assets			
Tangible assets	7	64,791	102
		<hr/> 64,791	<hr/> 102
Current assets			
Debtors: due within one year	8	13,591	9
		<hr/> 78,382	<hr/> 111
Liabilities			
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	1,176	-
		<hr/> 1,176	<hr/> -
Provisions for liabilities and charges	12	2,706	-
Creditors	13	74,500	111
		<hr/> 78,382	<hr/> 111

These financial statements were approved by the board of directors on 29 October 1996 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 15 form part of these financial statements.

Lex Vehicle Leasing (2) 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.

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.

Depreciation

Depreciation of assets held for operating leases is provided on a straight line basis over the estimated useful lives of the vehicles, to their residual values. The estimated useful lives of the vehicles are generally 2 - 3 years.

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.

Cashflow

The company is exempt from the requirement to include a cashflow statement 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 a consolidated cashflow statement for the group.

Lex Vehicle Leasing (2) Limited

Notes (continued)

2. Staff costs

All personnel are employed by Lex Service PLC for whose services a management charge is made to the Lex Vehicle Leasing group.

3. Remuneration of directors

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

4. Operating profit

Operating profit is stated after charging/(crediting)

	1996	1995
	£000	£000
Depreciation and movement in other asset provisions	2,707	2
Loss on sale of tangible fixed assets	3	-
	<hr/>	<hr/>

The company has not made any payment in respect of the audit for both the current year and the previous period as the costs of the statutory audit are included within the management fee paid to a fellow subsidiary undertaking.

Lex Vehicle Leasing (2) Limited

Notes (continued)

5. Interest payable and similar charges

	1996 £000	1995 £000
Interest payable on loans from the immediate parent undertaking	545	-
	<hr/>	<hr/>

6. Taxation

	1996 £000	1995 £000
UK Group Relief at 33% (1995: 33%) on the taxable profit for the year on ordinary activities	(3,789)	1
Deferred taxation (note 12) : Current year	2,706	-
Corporation tax adjustment relating to earlier periods	(1)	-
Group adjustment relating to earlier periods	1	-
	<hr/>	<hr/>
	(1,083)	1
	<hr/>	<hr/>

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

Lex Vehicle Leasing (2) Limited

Notes (continued)

7. Tangible fixed assets

	Assets held for operating leases £000
<i>Cost</i>	
At 1 July 1995	104
Additions	67,603
Disposals	(209)
At 30 June 1996	67,498
<i>Depreciation and other asset provisions</i>	
At 1 July 1995	2
Charge for the year	2,707
On disposals	(2)
At 30 June 1996	2,707
<i>Net book value</i>	
At 30 June 1996	64,791
At 30 June 1995	102

Lex Vehicle Leasing (2) Limited

Notes (continued)

8. Debtors

	1996 £000	1995 £000
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	9,220	8
Other debtors	53	-
Prepayments and accrued income	528	1
Group relief owed by fellow group undertakings	3,790	-
	<hr/> 13,591 <hr/>	<hr/> 9 <hr/>

9. Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

Lex Vehicle Leasing (2) Limited

Notes (continued)

10. Profit and Loss Account

	1996 £000	1995 £000
Retained profit at 1 July 1995	-	-
Retained Profit for the year	1,176	-
Retained profit at 30 June 1996	<u>1,176</u>	<u>-</u>

11. Reconciliation of movements in the shareholders' funds

	1996 £000	1995 £000
Profit attributable to the company	1,176	-
Net increase in shareholders' funds	<u>1,176</u>	<u>-</u>
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>1,176</u>	<u>-</u>

Lex Vehicle Leasing (2) Limited

Notes (continued)

12. Provisions for liabilities and charges

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

£000

Balance at 1 July 1995

-

Transfer from profit and loss account
(note 6)

2,706

Balance at 30 June 1996

2,706

The amounts of unprovided deferred taxation in respect of accelerated capital allowances are as follows:

£000

At 30 June 1996

1,159

At 30 June 1995

-

Lex Vehicle Leasing (2) Limited

Notes (continued)

13. Creditors

	1996		1995	
	Within one year £000	After one year £000	Within one year £000	After one year £000
Trade creditors	7,452	-	45	-
Amounts owed to immediate parent undertakings	63,648	-	61	-
Amounts owed to fellow subsidiary undertakings	351	-	1	-
Other creditors including taxation and social security:	-	-	-	-
Other Creditors	141	-	-	-
Accruals and deferred income	137	2,771	4	-
	<u>71,729</u>	<u>2,771</u>	<u>111</u>	<u>-</u>

14 Parent undertaking

The immediate parent undertaking is Lex Vehicle Leasing (Holdings) Limited, the ultimate parent undertaking being National Westminster Bank Plc; both are 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 National Westminster Bank Plc can be obtained from The Secretary, National Westminster Bank Plc, 41 Lothbury, London EC2P 2BP.