

LEX VEHICLE PARTNERS (3) LIMITED

Directors' report and financial statements

For the year ended 30 September 2012

Registered number: 02954958



Registered Office:
Charterhall House
Charterhall Drive
Chester
Cheshire
CH88 3AN

Lex Vehicle Partners (3) Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and company information	1
Directors' report	2 - 4
Independent auditors' report to the member of Lex Vehicle Partners (3) Limited	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 17

Lex Vehicle Partners (3) Limited

Directors and company information

Directors

R Francis
C A Parkes
M F Chessman

Company secretary

P Gittins

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Lex Vehicle Partners (3) Limited

Directors' report for the year ended 30 September 2012

The directors present their report together with the audited financial statements of Lex Vehicle Partners (3) Limited (the "Company") for the year ended 30 September 2012

Principal activity

The principal activity of the Company is vehicle leasing

Business review

There was no business activity during the year following the transfer of the Company's vehicle assets on 30 April 2011 to Lex Autolease Limited, a fellow group company. This was part of a strategic decision to consolidate the vehicle leasing businesses within the Lloyds Banking Group (the "group")

Up until the 30 April 2011 when the Company was trading, an annual fee was paid to Lex Vehicle Partners Limited, a fellow group company, for providing services in its capacity as an agent. The services provided included negotiating and agreeing terms of all business, maintaining accurate accounting and other records, together with the settlement of all invoices relating to these services. Funding was, and continues to be, provided by the parent company Lex Vehicle Leasing (Holdings) Limited, which is itself funded by Lloyds Banking Group plc

Results and dividend

The results for the year are set out on page 7. The Company made neither a profit nor loss before taxation during the current year (2011: loss before taxation of £2,606,000). The directors did not recommend the payment of a dividend (2011: £nil)

Future developments

Following the transfer of all the vehicle assets during the previous year, the Company will not trade in future years and will become dormant

Key performance indicators ('KPIs')

The directors of Lloyds Banking Group plc manage the Group's operations on a divisional basis. During the year, the Company was included within the Asset Finance business unit of the Wealth, Asset Finance and International Division

Risk management

The majority of the Company's financial assets and liabilities comprise amounts due from other group companies. Prior to the transfer of the assets in April 2011, the Company's principal assets and liabilities comprised vehicle assets classified and measured in accordance with IAS 16 "Property, plant and equipment"

Following the transfer of the assets detailed above, the risks impacting the Company are now minimal. However prior to the transfer of the assets the principal risks affecting the Company were credit risk, liquidity risk and interest rate risk. Responsibility for the control of overall risk within the Company lay with the board of directors. Further information surrounding these risks can be found within note 2

Supplier payment policy

The Company did not trade with suppliers during the year ended 30 September 2012

For the year ended 30 September 2011 and prior years, the Company followed "The Better Payment Practice Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers

Lex Vehicle Partners (3) Limited

Directors' report for the year ended 30 September 2012 (*continued*)

Supplier payment policy (*continued*)

A copy of the code and information about it may be obtained from the BIS Publications Order Line 0845-0150-010 quoting ref URN 04/606

The Company's policy was to agree terms of payment with suppliers and these normally provided for settlement within seven days after the date of the invoice, except where other arrangements have been negotiated. It was the policy of the Company to abide by the agreed terms of payment, provided the supplier performed according to the terms of the contract. As a result of the agency arrangement in place, the Company had no specific trade payables at 30 September 2012 (2011: £nil) and so the average number of days credit taken at 30 September 2012 was nil (2011: nil).

Directors and directors' interests

The directors who held office during the year and up until the date of signing the financial statements are shown on page 1. The following director was appointed during the year:

M F Chessman Appointed 3 October 2011

Directors' indemnities

The directors have the benefit of a deed of indemnity which constitutes a "qualifying third party indemnity provision". These deeds are in force during the whole of the financial year (or from the date of appointment in respect of the director who joined the board during the financial year). The indemnities remain in force at the date of signing these financial statements. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible 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 Partners (3) Limited

Directors' report for the year ended 30 September 2012 (*continued*)

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given, and should be interpreted, in accordance with section 418 of the Companies Act 2006.

Going concern

Having considered the risks and uncertainties of the Company following the transfer of the business activities to Lex Autolease Limited in April 2011, the directors are satisfied that the Company has adequate funding and resources meet all future obligations. Consequently the going concern basis continues to be appropriate in preparing the financial statements

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006

On behalf of the board



C A Parkes
Director

14 June 2013

Registered Office
Charterhall House
Charterhall Drive
Chester
Cheshire
CH88 3AN

Lex Vehicle Partners (3) Limited

Independent auditors' report to the member of Lex Vehicle Partners (3) Limited

We have audited the financial statements of Lex Vehicle Partners (3) Limited for the year ended 30 September 2012 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Lex Vehicle Partners (3) Limited

Independent auditors' report to the member of Lex Vehicle Partners (3) Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Felicity Rees

Felicity Rees (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

14 June 2013

Lex Vehicle Partners (3) Limited

Statement of comprehensive income

for the year ended 30 September 2012

	<i>Note</i>	2012 £000	2011 £000
Revenue	4	-	8,540
Cost of sales		-	(10,967)
Gross loss		-	(2,427)
Other operating expenses		-	(29)
Operating loss before financing costs	5	-	(2,456)
Financial expenses	6	-	(150)
Loss before taxation		-	(2,606)
Income tax (charge)/credit	7	(170)	3,304
(Loss)/profit for the year attributable to the equity shareholder, being total comprehensive income		(170)	698

A reconciliation of the movement in capital and reserves can be found on page 9

The accompanying notes on pages 11 to 17 are an integral part of the financial statements

Lex Vehicle Partners (3) Limited

Balance sheet

as at 30 September 2012

	Note	2012 £000	2011 £000
Assets			
Current assets			
Trade and other receivables	9	305	678
Total current assets		<u>305</u>	<u>678</u>
Total assets		<u>305</u>	<u>678</u>
Equity and liabilities			
Current liabilities			
Current tax liability		493	696
Total current liabilities		<u>493</u>	<u>696</u>
Total liabilities		<u>493</u>	<u>696</u>
Equity			
Issued capital	11	-	-
Retained loss		(188)	(18)
Total equity		<u>(188)</u>	<u>(18)</u>
Total equity and liabilities		<u>305</u>	<u>678</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 14 June 2013 and were signed on its behalf by



C A Parkes
Director

The accompanying notes on pages 11 to 17 are an integral part of the financial statements

Lex Vehicle Partners (3) Limited

Statement of changes in equity *for the year ended 30 September 2012*

	Share capital £000	Retained loss £000	Total £000
At 30 September 2010	-	(716)	(716)
Total comprehensive income for the year	-	698	698
At 30 September 2011	-	(18)	(18)
Total comprehensive income for the year	-	(170)	(170)
At 30 September 2012	-	(188)	(188)

The accompanying notes on pages 11 to 17 are an integral part of the financial statements

Lex Vehicle Partners (3) Limited

Cash flow statement

for the year ended 30 September 2012

	<i>Note</i>	2012 £000	2011 £000
Cash flows from operating activities			
Loss before taxation		-	(2,606)
Adjustments for:			
Depreciation of property, plant and equipment		-	1,374
Cost on disposal of ex-leased assets		-	9,238
Interest payable		-	150
Decrease in trade and other receivables		-	315
Decrease in trade and other payables		-	(1,104)
Decrease in residual value provision		-	(956)
Cash generated from operations		-	6,411
Taxes paid via group relief		(373)	-
Interest paid		-	(150)
Net cash/(used in)/generated from operating activities		(373)	6,261
Net (decrease)/increase in cash and cash equivalents		(373)	6,261
Cash and cash equivalents at beginning of year		678	(5,583)
Cash and cash equivalents at end of year	12	305	678

The accompanying notes on pages 11 to 17 are an integral part of the financial statements

Lex Vehicle Partners (3) Limited

Notes to the financial statements

for the year ended 30 September 2012

1. Significant accounting policies

Lex Vehicle Partners (3) Limited is a company incorporated and domiciled in the United Kingdom

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and its predecessor body.

The following new IFRS pronouncements relevant to the Company have been adopted in these financial statements:

- Amendments to IAS 24 Related Party Disclosures: Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for related party transactions with government related entities. As the amendments only result in reduced disclosures, the amendments have not had any impact for amounts recognised in these financial statements.
- Improvements to IFRSs (issued May 2010): Sets out minor amendments to IFRS standards as part of the annual improvements process. Most amendments clarified existing practice. The application of these new interpretations has not had any impact for amounts recognised in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 30 September 2012 and which have not been applied in preparing these financial statements are given in note 15.

The financial statements have been prepared on a going concern basis and under the historic cost convention.

Financial assets and liabilities

Financial assets of the Company include amounts due from other group companies.

All financial assets and financial liabilities are initially measured at fair value.

Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the year in which the profits arise.

For 2011 and prior years, deferred tax was provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets were recognised where it was probable that future taxable profit would have been available against which the temporary differences would be utilised.

Following the transfer of the vehicle assets and the Company's trade in April 2011, the deferred tax assets were subsequently realised in the year ended 30 September 2011.

Lex Vehicle Partners (3) Limited

Notes to the financial statements *(continued)*

for the year ended 30 September 2012

1. Significant accounting policies *(continued)*

Financial expenses

For 2011 and prior years, financial expenses represented borrowing costs which were recognised as an expense in the year in which they were incurred

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances that are due to or from group companies which are repayable on demand

2. Risk management policy

Following the transfer of the Company's assets to Lex Autolease Limited in April 2011, the Company's exposures to risk are minimal as the operational risks associated with those assets were also transferred

Prior to April 2011, the Company's operations were principally exposed to credit risk, liquidity risk and interest rate risk. The interest rate and liquidity risk were in substance managed and borne by other group companies which provide funding to the Company and credit risk was carefully monitored by the Asset Finance business unit credit committees and credit functions in which the Company was a component part

Responsibility for the control of the overall risk lay with the board of directors, operating within a managerial framework established by a fellow subsidiary company, Lloyds TSB Asset Finance Division Limited, and the ultimate parent, Lloyds Banking Group plc

Other risks

Prior to April 2011, the Company's activities were also exposed to movement in the used values of motor vehicles as the sale proceeds arising from the disposal of returned vehicles impacted on the profitability of the Company

Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholder through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets

The Company's capital comprises all components of equity, movements in which appear in the statement of changes in equity

The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally

Lex Vehicle Partners (3) Limited

Notes to the financial statements (*continued*) for the year ended 30 September 2012

3. Critical accounting estimates, and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

4. Revenue

Revenue received during the year comprised:

	2012 £000	2011 £000
Income from operating lease assets	-	2,309
Proceeds on sale of vehicles*	-	6,231
	<hr/>	<hr/>
	-	8,540

* Included within 'proceeds on sale of vehicles' for 2011 is an amount of £5,242,000 representing the transfer of contract hire assets to another group company at net book value. The transfer included a net deferred tax liability with a book value of £3,243,000.

5. Operating loss before financing costs

Operating loss before financing costs has been arrived at after charging

	2012 £000	2011 £000
Depreciation	-	1,374
Cost of sale on disposal of property, plant and equipment*	-	9,238

Audit remuneration for audit services of £10,000 has been borne by a fellow group company in both years.

* Included within 'cost of sale on disposal of property, plant and equipment' for 2011 is an amount of £8,485,000 representing the transfer of contract hire assets to another group company at net book value.

In 2011, Lex Vehicle Partners Limited provided management services to the Company. The charges it made included an element in respect of directors' and employees' remuneration, which it was not possible to identify separately. As such, no employee costs have been included in the statement of comprehensive income.

Lex Vehicle Partners (3) Limited

Notes to the financial statements (continued)

for the year ended 30 September 2012

6. Financial Expenses

	2012 £000	2011 £000
Interest payable to a fellow group company (note 14)	-	150

7. Taxation

Recognised in the statement of comprehensive income

	2012 £000	2011 £000
Current tax:		
Corporation tax on loss for the year	-	25
Adjustments in respect of prior years	170	(3,631)
Deferred tax:		
Origination and reversal of temporary differences	-	(439)
Adjustments in respect of prior years	-	741
Total income tax charge/(credit)	170	(3,304)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Company's result for this accounting year is taxed at an effective rate of 25% (2011 27%).

Reconciliation of effective tax rate

	2012 £000	2011 £000
Loss before taxation	-	(2,606)
Income tax using the blended rate of corporation tax in the UK of 25% (2011 27%)	-	(704)
Group relief received for nil payment	-	(8)
Adjustments in respect of previous years	170	(2,890)
Non deductible expenses	-	876
Deferred tax on intra-group asset transfers	-	(578)
Income tax charge/(credit) for the year	170	(3,304)

On 21 March 2012, the Government announced a reduction in the rate of corporation tax to 24% with effect from 1 April 2012. This reduction was enacted under the Provisional Collection of Taxes Act 1968 on 26 March 2012. In addition, the Finance Act 2012, which passed into law on 3 July 2012, included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013.

Lex Vehicle Partners (3) Limited

Notes to the financial statements (*continued*) for the year ended 30 September 2012

8. Property, plant and equipment

During 2011, the remaining assets held for contract hire in the Company were transferred to another group company, Lex Autolease Limited. These assets were transferred at net book value so that no profit or loss on disposal arose (see note 5)

	Assets held for contract hire £000
Cost	
1 October 2010	17,102
Additions	-
Inter group transfer	(15,497)
Disposals	(1,605)
30 September 2011	-
Accumulated depreciation and other asset provisions	
1 October 2010	7,446
Charge for the year	1,374
Residual value provision credit	(956)
Disposals	(852)
Inter group transfer	(7,012)
30 September 2011	-
Net book value	
At 30 September 2011	
Assets held for contract hire	-
Assets awaiting sale	-
	-
Net book value	
At 30 September 2010	9,656

There is no property, plant and equipment held in the Company as at 30 September 2012

Lex Vehicle Partners (3) Limited

Notes to the financial statements (continued)

for the year ended 30 September 2012

9. Trade and other receivables

	2012 £000	2011 £000
Current trade and other receivables:		
Amounts due from group companies (note 14)	305	678
	<hr/>	<hr/>

10. Deferred tax asset

Following the transfer of the vehicle assets and associated business to another group company during 2011, the deferred tax asset in the Company was fully amortised during 2011 as the deferred tax assets related to accelerated capital allowances on those transferred vehicle assets

The movement for 2011 was as follows

	2011 £000
At 1 October 2010	302
Recognised in statement of comprehensive income	
Deferred tax credit for the year	439
Adjustments in respect of prior years	(741)
At 30 September 2011	<hr/> -

The deferred tax asset balance in 2012 is £nil

11. Issued capital

	2012 £	2011 £
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

During the year, as permitted by the Companies Act 2006, the Company removed references to authorised share capital from its Articles of Association

12. Cash and cash equivalents

	2012 £000	2011 £000
Amounts due from group companies (note 9)	305	678
	<hr/>	<hr/>

Lex Vehicle Partners (3) Limited

Notes to the financial statements (*continued*)

for the year ended 30 September 2012

13. Parent undertaking

The Company's immediate parent company is Lex Vehicle Leasing (Holdings) Limited. The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member.

Bank of Scotland plc is the parent undertaking of the smallest such group of undertakings. Copies of the group accounts of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

14. Related party transactions

Transactions with group companies

In addition to items noted within the financial statements, the transactions during the year and outstanding at the year end with group companies are as follows:

	Income/ (expense) 2012 £000	Income/ (expense) 2011 £000
Transactions:		
Proceeds on sale of assets to Lex Autolease Limited	-	5,242
Commission charged by Lex Vehicle Partners Limited	-	(94)
Management charges charged by Lex Vehicle Partners Limited	-	(19)
Financial expenses charged by Lex Vehicle Leasing (Holdings) Limited	-	(150)
	Debtor	Debtor
Outstanding balances:		
Balances due from group companies (note 9)	305	678

Transactions with directors and key managers

No remuneration was paid or is payable by the Company to the directors (2011: £nil). The directors are employed by other companies in the Lloyds Banking Group and consider that their duties to this Company are incidental to their other activities within the group.

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management personnel comprise the directors of the Company and the members of the Lloyds TSB Asset Finance Division Limited Board, which comprise the statutory directors of that company and certain other senior management. Key management personnel are employed by other companies within the Lloyds TSB Asset Finance Division Limited sub group and consider that their services to the Company are incidental to their activities within the group.

15. Accounting standards

Given the intention of the directors to make the Company dormant, the Company will not be impacted by future changes to accounting standards.