

# **LEX VEHICLE PARTNERS (3) LIMITED**

**(Formerly Lombard Contract Hire (3) Limited)**

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

**30 September 1999**

**Registered number 2954958**

**Registered Office:**  
Lex House  
17 Connaught Place  
London  
W2 2EL



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COMPANIES HOUSE

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26/02/00

# Lex Vehicle Partners (3) Limited

## Directors' Report and Consolidated Financial Statements

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# Lex Vehicle Partners (3) Limited

## **Directors**

P C Roberts

A Hay (Appointed 7 May 1999)

J K Walden (Appointed 26 May 1999)

P R Harris (Appointed 22 December 1998 – Resigned 7 May 1999)

D A Ives (Appointed 22 December 1998 - Resigned 29 January 1999)

D M Foulds (Resigned 7 May 1999)

R R Fewster (Resigned 26 May 1999)

## **Secretary**

M L Young

# Lex Vehicle Partners (3) Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 September 1999.

### Principal Activities

The principal activity of the Company is vehicle leasing.

### Business Review

The Company changed its name from Lombard Contract Hire (3) Limited to Lex Vehicle Partners (3) Limited by way of Special Resolution, effective as from 2 August 1999.

The loss of the Company on ordinary activities before taxation for the year ended 30 June 1999 was £279,000 (1998 profit: £17,000).

The taxation charge for the year, which includes movement in the deferred tax provision, was £198,000 (1998 credit: £255,000).

The loss for the year after taxation amounts to £477,000 (1998: £272,000) and is included in the movement in shareholders' funds shown in note 13.

During the year the fleet decreased from 6,799 to 4,578 vehicles.

The retained profit has been transferred to reserves and is included in the movement in shareholders' funds shown in note 13.

### 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 30 September 1999 had any interests in the shares of the Company. The directors who held office at 30 September 1999 had the following interests in the ordinary shares of Lex Service PLC, as recorded in the register of directors' share and debenture interests:

	30 September 1999	Ordinary shares of 25p each 1 October 1998 (or date of appointment if later)
A Hay	-	-
P C Roberts	-	-
J K Walden	1	1

The following directors held options at the beginning and end of the year to subscribe for ordinary shares of 25p each in Lex Service PLC:-

# Lex Vehicle Partners (3) Limited

## Directors' Report (continued)

### Directors and directors' interest (continued)

Lex Executive Share Option Scheme (1994)	1 October 1998*	Granted	Lapsed	Exercised during year	30 September 1999♦	Date of grant	Date from which exercisable	Expiry date	Exercise price £
R R Fewster	20,367	-	-	-	20,367	29.03.96	29.03.99	29.03.03	3.13
D M Foulds	22,950	-	-	-	22,950	07.04.95	07.04.98	07.04.05	3.22
	11,980	-	-	-	11,980	29.03.96	29.03.99	29.03.03	3.13
P R Harris	45,180	-	-	-	45,180	07.04.95	07.04.98	07.04.05	3.22
	51,118	-	-	-	51,118	29.03.96	29.03.99	29.03.03	3.13

\* or date of appointment, if later

♦ or at date of resignation

The options under the Lex Executive Share Option Scheme (1994) were granted for nil consideration.

The outstanding options are potentially exercisable, between various future points in time at between 313p per share and 322p per share.

Options are granted at an aggregate value not exceeding an agreed multiple of the employee's earnings. This multiple, which is approved by the Remuneration Committee of Lex Service PLC, varies for each participant and ranges from two to four.

Under the 1994 Scheme, the exercise of options will normally be conditional on the achievement of a specified performance target determined by the Remuneration Committee where options are granted.

Under certain conditions, where the employment of persons holding share options under the 1994 Scheme ceases, the rules of the Scheme state that their options will remain exercisable for a twelve month period commencing on the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date.

### Lex Sharesave Scheme

Under the terms of the Scheme, introduced in 1997, the Board of Lex Service PLC, the Company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC, to those eligible employees who enter into and Inland Revenue approved Save As You Earn (SAYE) savings contract. The price at which options may be offered is up to a maximum discount of 20% of the market price for three consecutive dealing days preceding the date of offer. The options may normally be exercised during the period of six months after the completion of the SAYE contract, whether three or five years after entering the Scheme.

Options held under the Scheme by the following directors who served during the year are as follows:-

# Lex Vehicle Partners (3) Limited

## Directors' Report (continued)

### Directors and directors' interest (continued)

#### Lex Sharesave Scheme (continued)

Name	Number of shares under option at 1 October 1998*	Number of shares under option at 30 September 1999♦	Exercise price £	Date of grant	Date from which normally exercisable	Expiry date
R R Fewster	544	544	3.58	22.10.97	01.12.00	01.06.01
D M Foulds	2,178	2,178	3.58	22.10.97	01.12.00	01.06.01
P R Harris	4,818	4,818	3.58	22.10.97	01.12.02	01.06.03

\* or date of appointment if later

♦ or at date of resignation

The outstanding options under the 1997 Lex Sharesave Scheme are exercisable for up to six months commencing on either 1 December 2000 or 1 December 2002 at 358p per share.

#### Long Term Incentive Plan

The Long Term Incentive Plan was approved by shareholders at the Lex Service PLC 1998 Annual General Meeting. It is designed to align the interests of executive directors and the other senior executives with those of shareholders, to encourage increased shareholding to assist with the attraction and retention of individuals who will be crucial to the Group's success in the coming years, and to reward sustained good performance over a period of time.

Details of the Lex Service PLC ordinary shares provisionally awarded to each director, as a participant under the Long Term Incentive Plan, are as follows:-

Name	1 October 1998 (or date of appointment if later)	Grants/awards during year	Date of grant/award	30 September 1999♦
A Hay	14,031	-	12.02.99	14,031
	7,702	-	23.03.99	7,702
P C Roberts	-	17,331	12.02.99	17,331
	-	8,130	23.03.99	8,130
J K Walden	-	29,476	01.06.99	29,476
R R Fewster	33,909	-	14.05.98	33,909
	-	12,408	23.03.99	12,408
D M Foulds	22,216	-	14.05.99	22,216
	-	8,386	23.03.99	8,386
P R Harris	28,062	-	14.05.99	28,062
	-	31,833	23.03.99	31,833

♦ or at date of resignation.

# Lex Vehicle Partners (3) Limited

## Directors' Report *(continued)*

### Directors and directors' interest *(continued)*

#### *Long Term Incentive Plan (continued)*

Full details of the Long Term Incentive Plan are disclosed in the Directors' report of Lex Service PLC.

The middle market price of the shares at 30 September 1999 was 570p and the range during the year was 331p – 667.5p per share.

### Interests in shares of Halifax plc

According to the register kept by the Company, the interests of the following director at the year end in the ordinary shares of Halifax plc are as follows:-

Ordinary shares of 20p each  
As at date of appointment and at 30 September 1999

A Hay	200
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### Year 2000

The Company has recognised that the millennium date change is a major business risk and to mitigate the risk to business critical systems and processes, is participating in a group wide Millennium Programme. The main stages of this programme include inventory, business impact assessment, solution planning, testing and installation and regular reporting to the parent company.

Progress has been achieved with the Company having completed its inventories, impact assessment and prioritised action plans; with remediation, testing and implementation well advanced. The Company, as part of its risk assessment process, is also working with key business suppliers and joint venture partners to understand their progress on the millennium issue.

Contingency plans are being prepared for millennium failures that may occur affecting business critical systems and processes.

Independent external reviews are being undertaken to assess this programme with their findings reported to the company and the parent Board.

The details and costings associated with this project are detailed in the Lex Vehicle Leasing (Holdings) Limited accounts.

Given the complexity of the millennium problem, it is not possible for any organisation to guarantee that no problems will occur. However, based on the progress achieved to date, the Lex Vehicle Leasing (Holdings) Limited Board believes that the Group will achieve an acceptable state of readiness.

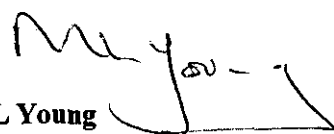
# Lex Vehicle Partners (3) Limited

## Directors' Report (*continued*)

### 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 Annual General Meeting.

By order of the board

  
**M L Young**  
Secretary

7<sup>th</sup> February 2000



# Lex Vehicle Partners (3) Limited

## Statement of Directors' Responsibilities

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 the group and of the profit or loss of the group 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 group and to prevent and detect fraud and other irregularities.

# Lex Vehicle Partners (3) Limited

## Report of the Auditors to the members of Lex Vehicle Partners (3) Limited

We have audited the financial statements on pages 9 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 7 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 September 1999 and of its loss 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

7th February 2000

# Lex Vehicle Partners (3) Limited

## Profit and Loss Account

for the year ended 30 September 1999

	Note	1999 £000 Continuing operations	1998 £000 Continuing operations
<b>Turnover</b>	2	24,609	20,719
Depreciation and other amounts written off tangible fixed assets	1,9	(14,736)	(12,343)
Other operating charges		(6,291)	(4,140)
<b>Operating profit</b>	5	3,582	4,236
Interest payable	6	(3,861)	(4,219)
<b>(Loss)/profit on ordinary activities before taxation</b>		(279)	17
Taxation (charge)/credit on profit on ordinary activities	7	(198)	255
<b>(Loss)/profit on ordinary activities after taxation</b>		(477)	272
Dividend	8	0	(1,000)
<b>Retained loss for the financial year</b>	12	(477)	(728)

A statement of movements on reserves is given in note 13.

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.

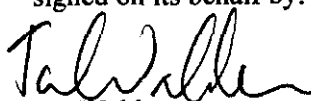
# Lex Vehicle Partners (3) Limited

## Balance Sheet

at 30 September 1999

	Note	1999 £000	1998 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	60,397	71,072
<b>Current assets</b>			
Debtors: due within one year	10	1,414	4,636
		<u>61,811</u>	<u>75,708</u>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	246	723
	13	<u>246</u>	<u>723</u>
<b>Provisions for liabilities and charges</b>			
Creditors	14	1,876	2,323
	15	59,689	72,663
		<u>61,811</u>	<u>75,709</u>

These financial statements were approved by the board of directors on 7th February 2000 and were signed on its behalf by:



J K Walden

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 Partners (3) 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 Partners (3) 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 (1998: £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:

	1999 £000	1998 £000
Depreciation	14,736	12,343
Loss on sale of fixed assets	1,854	595

The Company has not made any payment in respect of the audit for the year to 30 September 1999 (1998: £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

	1999 £000	1998 £000
Interest payable to immediate parent undertaking	3,861	4,219

# Lex Vehicle Partners (3) Limited

## Notes (continued)

### 7. Taxation

	1999 £000	1998 £000
Amounts relating to current year:		
Group relief based on the results for the year at 30% (1998: 31%)	625	(617)
Deferred taxation (note 14)	(443)	362
Adjustments relating to earlier years:		
Group relief	20	-
Deferred taxation	(4)	-
	<u>198</u>	<u>(255)</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 Dividend

	1999 £000	1998 £000
Ordinary interim dividend declared on 24 July 1998	-	1,000
	<u>-</u>	<u>1,000</u>

# Lex Vehicle Partners (3) Limited

## Notes (continued)

### 9. Tangible fixed assets

	Assets held for Operating leases £000
<i>Cost</i>	
At 1 October 1998	89,045
Additions	19,398
Disposals	(25,628)
At 30 September 1999	82,815
<i>Depreciation and other asset provisions</i>	
At 1 October 1998	17,973
Charge for year and movement in other asset provisions	14,736
On disposals	(10,291)
At 30 September 1999	22,418
<i>Net book value</i>	
At 30 September 1999	60,397
At 30 September 1998	71,072

There were no capital commitments at 30 September 1999 (1998:£Nil)

### 10. Debtors

	1999 £000	1998 £000
<i>Amounts falling due within one year</i>		
Other debtors	403	2,617
Prepayments and accrued income	1,011	1,424
Group relief owed by fellow group undertakings	-	595
	1,414	4,636



# Lex Vehicle Partners (3) Limited

## Notes (continued)

### 11. Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Allotted, issued and fully paid</i>		
Ordinary shares of £1 each	2	2

### 12. Profit and Loss Account

	1999 £000	1998 £000
Retained profit at 1 October 1998	723	1,451
Retained loss for the year	(477)	(728)
Retained profit at 30 September 1999	246	723

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

	1999 £000	1998 £000
Loss attributable to the company for the year	(477)	(728)
Net decrease in shareholders' funds	(477)	(728)
Opening shareholders' funds	723	1,451
Closing shareholders' funds	246	723

# Lex Vehicle Partners (3) Limited

## Notes (continued)

### 14. Provisions for liabilities and charges

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

	1999 £000	1998 £000
Balance at 1 October 1998	2,323	1,961
Charge for the year in the profit and loss (note 7)	(447)	362
Balance at 30 September 1999	<u>1,876</u>	<u>2,323</u>

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

	£000
At 30 September 1999	804
At 30 September 1998	<u>995</u>

### 15. Creditors

	1999		1998	
	Within one year £000	After one year £000	Within one year £000	After one year £000
Trade creditors	20	-	29	-
Amounts owed to immediate parent undertaking	56,011	-	68,508	-
Other creditors	(39)	-	0	-
Group relief owed to fellow group	51	-	-	-
Accruals and deferred income	666	2,980	1,201	2,925
	<u>56,709</u>	<u>2,980</u>	<u>69,738</u>	<u>2,925</u>

# Lex Vehicle Partners (3) Limited

## **Notes** *(continued)*

### **16. Parent undertaking**

On 28 August 1998 Lex Service PLC became the ultimate parent undertaking, when its wholly owned subsidiary, Lex Vehicle Leasing (1998) Limited, acquired 30% of the issued share capital of the Company's immediate parent undertaking, Lex Vehicle Leasing (Holdings) Limited.

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.