

LEX VEHICLE PARTNERS LIMITED

Directors' Report and Financial Statements

31 December 2002

Registered Number 2965906

Registered Office:
17 Connaught Place
LONDON
W2 2EL



Lex Vehicle Partners Limited

Directors' Report and Financial Statement

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Lex Vehicle Partners Limited

Directors

J K Walden

R W Wastell

R Francis (Appointed 18 February 2002)

A Hay (Resigned 18 February 2002)

Secretary

P M Coles

Lex Vehicle Partners Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal Activities

The principal activity of the company is to act as an agent obtaining vehicle leasing business.

Business Review

The profit for the year ended 31 December 2002 was £997,000 (2001: £727,000). The directors did not propose the payment of an interim dividend during the year (2001: £Nil) and, accordingly, a surplus of £997,000 (2001: £727,000) was recorded on the profit and loss account. The directors do not recommend the payment of a final dividend.

Directors and directors' interests.

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

None of the persons who were directors at 31 December 2002 had any interests in the shares of the company.

Donations

Charitable donations of £400 were made during the period.

Prompt Payment Policy

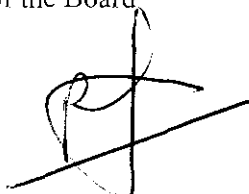
The company is responsible for agreeing the terms and conditions under which transactions with suppliers are conducted. It is company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all the relevant terms and conditions. The number of days billing outstanding at the end of the financial year is 21 days (2001: 24 Days)

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

R Francis
Director



28 February 2003

Lex Vehicle Partners 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 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 of the company 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 Partners Limited

Independent auditors report to the members of Lex Vehicle Partners Limited

We have audited the financial statements on pages 5 to 9.

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 auditors

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. 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 December 2002 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

28 February 2003

Lex Vehicle Partners Limited

Profit and Loss Account

for the financial year ended 31 December 2002

	<i>Notes</i>	2002 £000	2001 £000
Turnover		6,185	6,118
Other operating charges		(4,760)	(5,074)
Profit on ordinary activities before taxation		1,425	1,044
Taxation on profit on ordinary activities	3	(428)	(317)
Result for the financial year	6	997	727

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 7.

The notes on pages 7 to 9 form an integral part of these financial statements.

Lex Vehicle Partners Limited

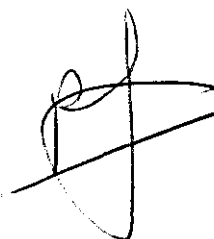
Balance Sheet

at 31 December 2002

	Notes	2002 £000	2001 £000
Assets			
Current assets			
Debtors	4	10,037	5,204
		<u>10,037</u>	<u>5,204</u>
Liabilities			
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	3,379	2,382
		<u>3,379</u>	<u>2,382</u>
Equity shareholders' funds	7	3,379	2,382
Creditors: amounts falling due within one year	8	6,658	2,822
		<u>10,037</u>	<u>5,204</u>

The financial statements on pages 5 to 9 were approved by the board of directors on 28 February 2003 and were signed on its behalf by:

R Francis
Director



The notes on pages 7 to 9 form an integral part of these financial statements.

Lex Vehicle Partners 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 represents management fee and commission income from fellow subsidiary undertakings. The company operates in only one business segment in the United Kingdom and therefore a segmented report has not been prepared.

2. Administrative expenses including directors' and employees' remuneration

Lex Vehicle Partners 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.

3. Taxation on profit on ordinary activities

	2002 £000	2001 £000
Amounts relating to current year:		
Group relief based on the results for the year at 30%	428	317

4. Debtors

	2002 £000	2001 £000
Trade debtors	1,712	3,831
Amounts owed by immediate parent undertaking	8,152	875
Other debtors	173	11
Prepayments and accrued income	-	487
	10,037	5,204

Lex Vehicle Partners Limited

Notes to the financial statements *(continued)*

5. Called up share capital

	2002 £	2001 £
<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/>

6. Profit and Loss Account

	2002 £000	2001 £000
1 January	2,382	1,655
Result for the financial year	997	727
	<hr/>	<hr/>
31 December	3,379	2,382
	<hr/>	<hr/>

7. Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
1 January	2,382	1,655
Result for the financial year	997	727
	<hr/>	<hr/>
31 December	3,379	2,382
	<hr/>	<hr/>

Lex Vehicle Partners Limited

Notes to the financial statements *(continued)*

8. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	5,192	1,725
Corporation tax	1,090	662
Other creditors	-	113
Accruals and deferred income	376	322
	<hr/> 6,658 <hr/>	<hr/> 2,822 <hr/>

9. 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.