

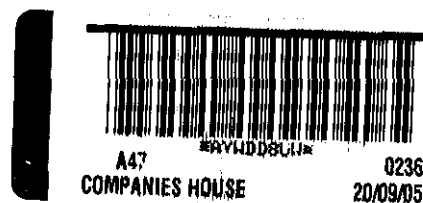
LEX VEHICLE PARTNERS LIMITED

Directors' Report and Financial Statements

31 December 2004

Registered Number 2965906

Registered Office:
Lex House
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

P M Coles (appointed 2 July 2004)

Secretary

P M Coles

Lex Vehicle Partners Limited

Directors' report

The directors have pleasure in submitting their report together with the audited financial statements for the company for the year ended 31 December 2004.

Principal Activities

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

Business Review

The audited financial statements for the year ended 31 December 2004 are set out on pages 5 to 10. The profit for the year ended 31 December 2004 was £1,888,000 (2003: £1,527,000). The directors recommend that no final dividend be paid.

Directors and directors' interests.

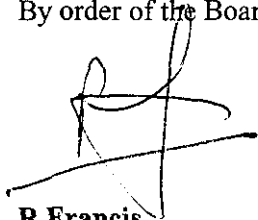
The directors who held office during the year are shown on page 1.

None of the persons who were directors at 31 December 2004 had any interests in the shares of the company or any other group undertaking.

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

A handwritten signature in black ink, appearing to be 'R Francis', written over a faint rectangular box.

R Francis
Director

17th May 2005

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.

United Kingdom 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; 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 are also responsible for the system of internal control, 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 Limited

Independent auditors report to the members of Lex Vehicle Partners Limited

We have audited the financial statements on pages 5 to 10.

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 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 December 2004 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
St. James' Square
Manchester
M2 6DS

17th May 2005

Lex Vehicle Partners Limited

Profit and Loss Account

for the financial year ended 31 December 2004

	Notes	2004 £000	2003 £000
Turnover		6,868	7,075
Other operating charges		(4,139)	(4,866)
Operating profit	2	2,729	2,209
Interest receivable		-	1
Profit on ordinary activities before taxation		2,729	2,210
Taxation on profit on ordinary activities	3	(841)	(683)
Profit on ordinary activities after taxation		1,888	1,527
Equity dividends paid		-	(3,250)
Retained profit/(loss) for the financial year	6	1,888	(1,723)

All of the above amounts are in respect of continuing operations.

The company has no recognised gains or losses in either year other than the profit/(loss) for the year. A statement of movements on reserves is given in note 7.

The accompanying notes are an integral part of these financial statements.


Lex Vehicle Partners Limited

Balance Sheet

at 31 December 2004

	Notes	2004 £000	2003 £000
Assets			
Current assets			
Debtors	4	15,379	8,158
		<u>15,379</u>	<u>8,158</u>
Liabilities			
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	3,544	1,656
		<u>3,544</u>	<u>1,656</u>
Equity shareholders' funds	7	3,544	1,656
Creditors: amounts falling due within one year	8	11,835	6,502
		<u>11,835</u>	<u>6,502</u>
		<u>15,379</u>	<u>8,158</u>

The financial statements on pages 5 to 10 were approved by the board of directors on 17th May 2005 and were signed on its behalf by:


R Francis
Director

The accompanying notes are 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. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Cash flow statement

As permitted by Financial Reporting Standard 1 (revised) "Cash Flow Statements" the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Lex Vehicle Leasing (Holdings) Limited which prepares consolidated financial statements which are publicly available.

Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents management fees and commission income from fellow subsidiary undertakings. The company operates in only one business segment in the United Kingdom and therefore a segmental report has not been prepared.

2. Administrative expenses including directors' and employees' remuneration

Lex Vehicle Partners Limited provided management and employees' remuneration, in addition to the fees in respect of the statutory audit, which it is not possible to identify separately.

Lex Vehicle Partners Limited

Notes to the financial statements *(continued)*

3. Taxation on profit on ordinary activities

	2004 £000	2003 £000
Amounts relating to current year :		
Corporation Tax based on the results for the year at 30%	841	683
	<hr/> 841 <hr/>	<hr/> 683 <hr/>

Factors affecting the tax charge in the year

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

	2004 £000	2003 £000
Profit on ordinary activities before tax	2,729	2,210
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	819	663
Effects of:		
Expenses not deductible for tax purposes	22	20
	<hr/>	<hr/>
Current tax charge for year	841	683
	<hr/>	<hr/>

4. Debtors

	2004 £000	2003 £000
Trade debtors	2,318	1,132
Amounts owed by fellow group undertakings	12,980	6,937
Other debtors	51	89
Prepayments and accrued income	30	-
	<hr/> 15,379 <hr/>	<hr/> 8,158 <hr/>

Lex Vehicle Partners Limited

Notes to the financial statements *(continued)*

5. Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

6. Profit and Loss Account

	2004 £000	2003 £000
1 January	1,656	3,379
Profit/(loss) for the financial year	1,888	(1,723)
31 December	<hr/> 3,544 <hr/>	<hr/> 1,656 <hr/>

7. Reconciliation of movements in shareholders' funds

	2004 £000	2003 £000
1 January	1,656	3,379
Profit/(loss) for the financial year	1,888	(1,723)
31 December	<hr/> 3,544 <hr/>	<hr/> 1,656 <hr/>

Lex Vehicle Partners Limited

Notes to the financial statements *(continued)*

8. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Trade creditors	3,565	2
Amounts owed to fellow group undertakings	-	4,708
UK corporation tax	1,972	1,111
Other creditors	4,930	-
Accruals and deferred income	1,368	681
	<hr/> 11,835	<hr/> 6,502

9. Post balance sheet event

On 4th May 2005 an offer by Aviva plc to purchase the entire share capital of the ultimate parent undertaking RAC plc became unconditional.

10. Parent undertaking

The immediate 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.