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Financial Statements

AUTOLEASE FLEETS LIMITED

31st DECEMBER, 1985

KIDSONS

CHARTERED ACCOUNTANTS

A MEMBER FIRM OF DFK INTERNATIONAL



AUTOLEASE FLEETS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st December, 1985.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £377,018. It is recommended that a dividend of £50,000 be paid and £327,018 be transferred to reserves.

REVIEW OF BUSINESS

The principal activities of the company continue to be those of fleet distributors of motor vehicles.

The turnover for the year at £29,975,853 was 28.8% higher than the previous year and the trading profit of £300,340 compared to a profit of £178,638 in the previous year. Profit on ordinary activities before taxation amounted to £322,185 compared with a profit of £414,469 in the previous year. There was a taxation credit for the year amounting to £54,833.

The directors consider the state of affairs of the company to be satisfactory.

DIRECTORS

The following were directors of the company at 31st December, 1985:

Mr. T.C. Cannon) Director of B.S.G. International plc
Mr. J.B. Tustain
Mr. D. Bourne

Mr. C.M. Thomas resigned on 1st February, 1985 and Mr. A. Brain resigned on 22nd June, 1985.

All the other directors served for the whole of the year.

In accordance with the Articles of Association none of the directors retire.

DIRECTORS' SHAREHOLDINGS

None of the directors have any beneficial interest in the share capital of the company.

The beneficial interests of the directors in the shares of B.S.G. International plc (other than directors of that company) are set out below:

<u>Director</u>	Ordinary shares of 10p each	
	<u>1985</u>	<u>1984</u>
Mr. J.B. Tustain	29,600	29,600

The directors (other than directors of the parent company) holding options under the B.S.G. International plc Executive Share Option Scheme 1985 are:

	Ordinary shares of 10p each	
	<u>1985</u>	<u>1984</u>
Mr. J.B. Tustain	150,000	-

AUTOLEASE FLEETS LIMITED

DIRECTORS' REPORT

FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the financial statements.

CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970 as amended.

AUDITORS

The auditors, Messrs. Kidsons, Chartered Accountants, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

Registered Office:

Burgess House,
1270, Coventry Road,
Yardley,
Birmingham B25 8BT

26th March, 1986

By Order *of* the Board,

R. Thorne,

for B.S.G. Secretarial Services Limited,

Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF
AUTOLEASE FLEETS LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December, 1985 and of its result for the year ended on that date and comply with the Companies Act 1985. The financial statements do not show the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice No. 10 as such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

BIRMINGHAM

26th March, 1986

KIDSONS,

Chartered Accountants

AUTOLEASE FLEETS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1985

1984

	<u>Note</u>	<u>£</u>	<u>£</u>
TURNOVER	2	29,975,853	23,271,183
Cost of sales		(29,016,897)	(22,659,874)
		<hr/>	<hr/>
GROSS PROFIT		958,956	611,309
Distribution costs		(519,730)	(306,277)
Administrative expenses		(138,886)	(126,394)
		<hr/>	<hr/>
TRADING PROFIT		300,340	178,638
Interest receivable (net)	3	21,845	235,831
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	322,185	414,469
Taxation	6	54,833	(373,349)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		377,018	41,120
Dividends	7	(50,000)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	13	327,018	41,120
		<hr/> <hr/>	<hr/> <hr/>

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AUTOLEASE FLEETS LIMITED

BALANCE SHEET

31st DECEMBER, 1985

1984

FIXED ASSETS	Note	£	£	£	£
Tangible assets	8		4,833		5,722
CURRENT ASSETS					
Stocks	9	903,692		339,955	
Debtors	10	6,899,186		5,572,010	
Cash		<u>5,667</u>		<u>5,567</u>	
		7,808,545		5,917,532	
CREDITORS					
Amounts falling due within one year	11	<u>(7,794,356)</u>		<u>(6,231,250)</u>	
NET CURRENT ASSETS (LIABILITIES)			14,189		(313,718)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,022</u>		<u>(307,996)</u>
CAPITAL AND RESERVES					
Called up share capital	12		3		3
Profit and loss account	13		19,019		(307,999)
			<u>19,022</u>		<u>(307,996)</u>

The financial statements were approved by the Board of Directors on 26th March, 1986

T.C. Cannon)
) Directors
 J.B. Tustain)

Notes on financial statements - pages 6 to 10

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS
31st DECEMBER, 1985

1. ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost convention.

b. Depreciation

Depreciation is calculated on cost on a straight line basis to write off the relevant assets over their expected useful lives. The principal annual rates used are as follows:

Office equipment	10%
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c. Stocks

Stocks are stated at the lower of cost and net realisable value.

d. Deferred taxation

Deferred taxation is calculated on the liability method in respect of timing differences between profits as stated in the financial statements and as computed for tax purposes. Where it can be shown with reasonable probability that no such liability will become payable in the foreseeable future no provision is made.

e. Leasing

Rents payable under finance and operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Assets funded through finance leases have not been capitalised in the balance sheet.

2. TURNOVER

Turnover represents the invoiced value excluding value added tax of goods sold.

The turnover and profit before taxation is attributable to the principal activity of the company, being the fleet distribution of motor vehicles.

Turnover relates wholly to the United Kingdom.

3. INTEREST

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Receivable:		
Parent company	645,983	490,915
On late repayments	-	2,000
Payable:		
On late repayments	(1,147)	(11,627)
Group company	(622,991)	(245,457)
	<u>21,845</u>	<u>235,831</u>

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1985

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1985</u>	<u>1984</u>
Profit on ordinary activities before taxation is stated after charging:	<u>£</u>	<u>£</u>
Depreciation	889	6,518
Auditors' remuneration	6,225	5,869
Operating lease rentals:		
Plant and vehicles	52,456	18,101
	<u> </u>	<u> </u>
5. STAFF NUMBERS AND COSTS		
a. No staff are directly employed by Autolease Fleets Limited.	<u>1985</u>	<u>1984</u>
b. The aggregate costs of employment including those of directors, recharged from group companies were as follows:	<u>£</u>	<u>£</u>
Wages and salaries	139,231	100,949
Social security costs	13,262	9,454
Pension costs	724	946
	<u>153,217</u>	<u>111,349</u>
	<u> </u>	<u> </u>
	<u>1985</u>	<u>1984</u>
6. TAXATION	<u>£</u>	<u>£</u>
United Kingdom corporation tax at 41.25% (1984 46.25%)	3,713	201,400
Prior year adjustments:		
Corporation tax	(58,546)	171,949
	<u>(54,833)</u>	<u>373,349</u>
	<u> </u>	<u> </u>
	<u>1985</u>	<u>1984</u>
7. DIVIDENDS	<u>£</u>	<u>£</u>
Ordinary shares at £16,666.66 per share (1984 £Nil)	50,000	Nil
	<u> </u>	<u> </u>

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1985

8.	TANGIBLE ASSETS	Plant, Machinery and Equipment	
	Cost:	<u>£</u>	
	1st January, 1985 a.d 31st December, 1985	112,460	
		<u><u> </u></u>	
	Depreciation:		
	1st January, 1985	106,738	
	Charge for year	889	
		<u> </u>	
	31st December, 1985	107,627	
		<u><u> </u></u>	
	Net book value:		
	31st December, 1985	4,833	
		<u><u> </u></u>	
	31st December, 1984	5,722	
		<u><u> </u></u>	
		<u>1985</u>	<u>1984</u>
9.	STOCKS	<u>£</u>	<u>£</u>
	Vehicle stocks	903,692	339,955
		<u><u> </u></u>	<u><u> </u></u>
10.	DEBTORS	<u>1985</u>	<u>1984</u>
	Amounts falling due within one year:	<u>£</u>	<u>£</u>
	Trade debtors	1,315,437	605,469
	Amount owed by holding company	5,539,364	4,935,654
	Amounts owed by fellow subsidiaries	2,909	6,378
	Prepayments	41,476	24,509
		<u> </u>	<u> </u>
		6,899,186	5,572,010
		<u><u> </u></u>	<u><u> </u></u>

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS
31st DECEMBER, 1985

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
11. CREDITORS		
Amounts falling due within one year:		
Trade creditors	3,045,838	2,084,742
Amounts owed to fellow subsidiaries	4,341,351	3,637,056
Corporation tax payable	318,516	373,349
Other creditors, including		
taxes and social security	43,515	37,595
Accruals	45,136	98,508
	<u>7,794,356</u>	<u>6,231,250</u>
	<u> </u>	<u> </u>
	<u>Authorised</u>	<u>Issued and Fully Paid</u>
12. CALLED UP SHARE CAPITAL (1985 and 1984)	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	3,000	3
	<u> </u>	<u> </u>
13. PROFIT AND LOSS ACCOUNT	<u>£</u>	
Adverse balance 1st January, 1985	(307,999)	
Retained profit for the year	327,018	
	<u> </u>	
Balance 31st December, 1985	19,019	
	<u> </u>	
14. POTENTIAL LIABILITY FOR DEFERRED TAX		
There is no potential liability for deferred taxation due to losses carried forward.		
15. TRANSACTIONS INVOLVING DIRECTORS		
Directors' interest in contracts		
No director has had any beneficial interest in any material contract to which the company was a party.		
16. CAPITAL COMMITMENTS		
There were no capital commitments at 31st December, 1985 (1984 £Nil).		

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1985

17. CONTINGENT LIABILITIES

The company has given a joint and several guarantee secured by a fixed first charge on its book and other debts in respect of the holding company's indebtedness to Barclays Bank PLC.

18. LEASING OBLIGATIONS

Payments due in 1986 under operating leases, analysed by date of lease expiry, are as follows:

	<u>Plant, machinery, equipment and motor vehicles</u>
Date of lease expiry:	<u>£</u>
1986	722
1987 to 1990 inclusive	<u>8,675</u>
Total payments in 1986	<u>9,397</u>

Amounts payable under finance lease obligations are due in the following years:

	<u>Total</u>
	<u>£</u>
1986	82,605
1987 to 1990 inclusive	<u>121,789</u>
	204,394
<u>Less</u> Finance charges allocated to future periods	<u>(2,357)</u>
Net obligations at 31st December, 1985	<u>202,037</u>

19. ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of B.S.G. International plc, a company incorporated in England.