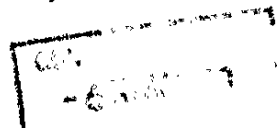


632485

AUTOLEASE FLEETS LIMITED

31st DECEMBER, 1989



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, 1989.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £230,144. It is recommended that no dividend be paid and the retained profit of £230,144 be transferred to reserves.

REVIEW OF BUSINESS

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

The turnover for the year at £116,802,333 was 42.7% higher than the previous year and the trading profit of £251,391 compared to a profit of £1,106 in the previous year. Profit on ordinary activities before taxation amounted to £328,656 compared with a profit of £49,960 in the previous year. There was a taxation charge for the year amounting to £98,512.

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

DIRECTORS

The following were directors of the company at 31st December, 1989:

Mr. T.C. Cannon)Directors of B.S.G. International plc
Mr. J.B. Tustain)
Mr. T.J. Jones
Mr. A. Guest
Mr. J. Haynes

All the directors served for the whole of the year.

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

AUTOLEASE FLEETS LIMITED

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

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

The directors of the parent company disclose their interests in the shares of B.S.G. International plc in the financial statements of that company.

The interests of Mr. T.J. Jones in the shares of B.S.G. International plc were:

	Ordinary shares of 10p each	
	1987	1988
Options held under the B.S.G. International plc Executive Share Option Scheme 1985	100,000	100,000

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements.

CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

CHARITABLE DONATIONS

The company made charitable donations of £575 in the year.

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 8JD

10th March, 1990

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 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1989 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that 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. Such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

BIRMINGHAM

KIDSONS,

16th March, 1990

Chartered Accountants

AUTOLEASE FLEETS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1989

1988

	Note	£	£
TURNOVER	2	116,802,333	81,839,949
Cost of sales		(113,412,355)	(79,325,589)
GROSS PROFIT		3,389,978	2,514,360
Distribution costs		(2,731,931)	(2,053,062)
Administrative expenses		<u>(406,656)</u>	<u>(460,192)</u>
TRADING PROFIT		251,391	1,106
Interest receivable (net)	3	<u>77,265</u>	<u>48,854</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	328,656	49,960
Taxation (charge) credit	6	<u>(98,512)</u>	<u>93,036</u>
RETAINED PROFIT FOR THE YEAR	12	<u>230,144</u>	<u>142,996</u>

Notes on financial statements - pages 6 to 9

AUTOLEASE FLEETS LIMITED

BALANCE SHEET

31st DECEMBER, 1989

1988

FIXED ASSETS	Notes	£	£	£	£
Tangible assets	7		-		-
CURRENT ASSETS					
Stocks	8	3,744,988		3,271,131	
Debtors	9	16,317,265		16,178,579	
Cash		<u>6,633</u>		<u>4,733</u>	
		20,068,886		19,455,443	
CREDITORS					
Amounts falling due within one year	10	(19,275,114)		(18,891,815)	
NET CURRENT ASSETS			793,772		563,628
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>793,772</u>		<u>563,628</u>
CAPITAL AND RESERVES					
Called up share capital	11		3		3
Profit and loss account	12		<u>793,769</u>		<u>563,625</u>
			<u>793,772</u>		<u>563,628</u>

The financial statements were approved by the Board of Directors on 16th March, 1990

T.C. Cannon

)

) Directors /

J.B. Tustain

)

J.B. Tustain

Notes on financial statements - pages 6 to 9

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1989

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:

Plant, machinery and equipment	10%
--------------------------------	-----

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

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

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

	1989	1988
Receivable:	£	£
Bank interest	1,692,756	1,106,088
Payable:		
Bank interest	(7,372)	-
On late repayments	-	(6,450)
Group company	(1,608,119)	(1,050,784)
	77,265	48,854

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1989

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1989	1988
Profit on ordinary activities before taxation is stated after charging:	£	£
Depreciation	-	3,055
Auditors' remuneration	11,710	10,312
Hire of plant and vehicles	49,774	31,069
	<hr/>	<hr/>
5. STAFF NUMBERS AND COSTS		
a. No staff are directly employed by Autolease Fleets Limited.		
b. The aggregate costs of employment including those of directors, recharged from group companies were as follows:	£	£
Wages and salaries	801,993	556,952
Social security costs	80,199	55,000
Pension costs	<u>2,524</u>	<u>1,325</u>
	884,716	613,431
	<hr/>	<hr/>
6. TAXATION	£	£
The (charge) credit for the year comprises:		
United Kingdom corporation tax at 35%	(108,000)	94,000
Prior year adjustment:		
Corporation tax	(350)	124
Group relief	<u>9,838</u>	<u>(1,088)</u>
	(98,512)	93,036
	<hr/>	<hr/>

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS
31st DECEMBER, 1989

7. TANGIBLE SETS	Plant, Machinery and Equipment	
Cost:	£	
1st January, 1989 and 31st December, 1989	8,890	
Depreciation:		
1st January, 1989 and 31st December, 1989	8,890	
Net book value:		
31st December, 1989 and 31st December, 1988	-	
	<u>1989</u>	<u>1988</u>
8. STOCKS	£	£
Vehicle stocks and accessories	3,744,988	3,271,131
9. DEBTORS		
Amounts falling due within one year:	£	£
Trade debtors	3,283,861	2,699,152
Amount owed by parent company	12,745,696	13,245,152
Amounts owed by fellow subsidiaries	70,025	44,923
Group relief	103,838	94,000
Prepayments	<u>113,845</u>	<u>96,352</u>
	<u>16,317,265</u>	<u>16,179,579</u>
10. CREDITORS		
Amounts falling due within one year:	£	£
Trade creditors	4,798,896	4,629,436
Amounts owed to fellow subsidiaries	14,154,222	14,042,759
Corporation tax payable	108,000	19,240
Taxes and social security	99,232	84,756
Accruals	<u>114,764</u>	<u>115,624</u>
	<u>19,275,114</u>	<u>18,891,815</u>

AUTOLEASE FLEETS LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1989

	<u>Authorised</u>	<u>Issued and Fully Paid</u>
11. CALLED UP SHARE CAPITAL (1989 and 1988)	£	£
Ordinary shares of £1 each	3,000	3
	<hr/>	<hr/>
12. PROFIT AND LOSS ACCOUNT	£	
Balance 1st January, 1989	563,225	
Retained profit for the year	<u>230,144</u>	
Balance 31st December, 1989	<u>793,769</u>	
	<hr/>	
13. POTENTIAL LIABILITY FOR DEFERRED TAX		
There is no potential liability for deferred taxation.		
14. 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.		
15. CAPITAL COMMITMENTS		
Capital expenditure authorised up to 31st December, 1989 but not provided in these financial statements amounted to £217,000 (1988 £1,119,000).		
16. 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 parent company's indebtedness to Barclays Bank PLC.		
17. ULTIMATE HOLDING COMPANY		
The company is a direct subsidiary of B.S.G. International plc, a company incorporated in England.		