

Autolease Fleets Limited

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Report and financial statements for the year ended 31 December 1997

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Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activities

The principal activity of the company continues to be that of a fleet distributor of motor vehicles.

Review of business

The profit and loss account for the year is set out on page 5. The directors consider the state of affairs of the company to be satisfactory and expect the present level of activity to be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors have recommended and paid a dividend of £400,000. The loss for the financial year of £416,229 (1996: £nil) will be transferred to reserves.

Directors

The directors of the company at 31 December 1997 are as follows:

R E C Marton
A M Tucker
A Guest
J Haynes
R Thorne (appointed 1 July 1997)

J B Tustain resigned as a director of the company on 4 April 1997. P Turnbull resigned as a director of the company on 1 July 1997.

Directors' interests

None of the directors had any beneficial interest, other than in the ordinary course of business, in any contract to which the company was a party during the year.

The directors of the ultimate parent undertaking disclose their interests in the share capital of Britax International plc in the financial statements of that company.

**Directors' report
for the year ended 31 December 1997 (continued)****Directors' interests (continued)**

The interests of the directors (other than directors of the ultimate parent undertaking) in the share capital of Britax International plc are as follows:

	Number of ordinary shares of 10p each			As at 31 December 1997
	As at 31 December 1996	Granted	Exercised	
Options held under Britax International plc Executive Share Option Schemes 1985 and 1995				
A M Tucker	150,000	73,864	150,000	73,864
A Guest	-	53,030	-	53,030
Options held under Britax International plc Savings Related Share Option Scheme 1988				
A Guest	30,157	-	-	30,157

The options held under the Executive Share Option Scheme as at 31 December 1997 are exercisable in the years 2000 to 2007 at an exercise price of 105.60p per share.

The options held under the Savings Related Share Option Scheme are normally exercisable from 1 January 1999 to 30 June 1999, at an exercise price of 57.20p per share.

Employee participation

It is the company's policy to meet at regular intervals with representatives of various groups of employees to discuss relevant information and developments.

Disabled persons

The company gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the company, every endeavour is made to protect that person's position. Disabled persons have the same opportunities for training and career development as other employees with similar skills and abilities.

**Directors' report
for the year ended 31 December 1997 (continued)****Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company has elected to dispense with the annual reappointment of auditors and, in the absence of a specific resolution, Coopers & Lybrand will continue in office.

By order of the board

S D McCaslin
for Britax International Services Limited
Company Secretary
19 May 1998

Registered Office
Burgess House
PO Box 1234
1270 Coventry Road
Yardley
Birmingham B25 8JD

Report of the auditors to the members of Autolease Fleets Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 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.

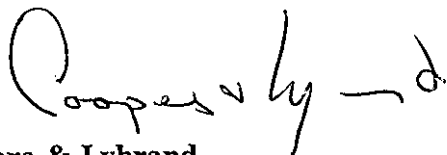
Basis of opinion

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 the company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Birmingham
19 May 1998

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £	1996 £ (Restated)
Turnover	2	76,443,106	70,705,637
Cost of sales		(72,798,037)	(67,455,442)
Gross profit		<u>3,645,069</u>	<u>3,250,195</u>
Administrative expenses		(3,645,069)	(3,250,195)
Operating profit	3	-	-
Net interest receivable	4	-	-
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities	6	(16,229)	-
Loss for the financial year		<u>(16,229)</u>	<u>-</u>
Dividend paid	7	(400,000)	-
Retained loss for the financial year	13	<u>(416,229)</u>	<u>-</u>

The turnover and profit before taxation relate wholly to continuing operations.

The comparatives for 1996 have been restated with respect to a change in 1997 in the accounting policy on the recognition of turnover. Further details are given in note 1 to the financial statements.

The company has no recognised gains and losses other than the results for the year above and therefore no separate statement of total recognised gains and losses has been presented.

Losses for the year on a historical cost basis are not materially different from those reported above.

Balance sheet at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	8	-	-
Current assets			
Stock	9	4,737,424	1,882,267
Debtors	10	17,460,188	23,036,700
		<u>22,197,612</u>	<u>24,918,967</u>
Creditors: amounts falling due within one year	11	(21,938,280)	(24,243,406)
Net assets		<u>259,332</u>	<u>675,561</u>
Capital and reserves			
Called up share capital	12	250,000	250,000
Profit and loss account	13	9,332	425,561
Equity shareholders' funds	14	<u>259,332</u>	<u>675,561</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 19 May 1998 and were signed on its behalf by:



A M Tucker
Director

**Notes to the financial statements
for the period ended 31 December 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. These policies, except where described, have been applied consistently.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover represents the value excluding the value added tax of goods and services provided to customers. The accounting policy in respect of the recognition of turnover has been changed in 1997.

Sales of used vehicles on behalf of third parties, including instances where the company acts as agent, are now excluded from turnover. The change has no effect on reported gross profit, with cost of sales being similarly restated. Further details are given in note 2 to the financial statements.

Stocks

The basis of valuation is the lower of cost and estimated realisable value.

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 such timing differences are anticipated to continue for the foreseeable future no provision is made.

Cash flow statement

A cash flow statement has not been prepared because the company is a subsidiary of the ultimate holding company, Britax International plc, within whose consolidated cash flow statement the cash flows of the company are included.

**Notes to the financial statements
for the period ended 31 December 1997 (continued)****2 Turnover**

Turnover consists entirely of sales made to and in the United Kingdom.

As described in note 1, the accounting policy on the recognition of turnover has changed in 1997. The effect on reported turnover, and the restatement of the 1996 comparative, is as follows:

	1997 £	1996 £
Turnover as previously reported	103,032,658	96,433,579
Sales on behalf of third parties	(26,589,552)	(25,727,942)
	<u>76,443,106</u>	<u>70,705,637</u>

3 Operating profit

Auditors' remuneration is borne by another company in the group.

4 Net interest receivable

	1997 £	1996 £
Bank interest receivable	1,259,456	1,107,252
Group interest payable	(1,259,456)	(1,107,252)
	<u>-</u>	<u>-</u>

5 Employee information

No staff are employed directly by Autolease Fleets Limited. The directors received no remuneration from or in respect of their services to the company.

A director exercised options over Britax International plc shares during the year.

Retirement benefits are accruing to 5 directors under the Britax International plc defined benefit pension scheme.

Notes to the financial statements for the year ended 31 December 1997 (continued)

6 Taxation on profit on ordinary activities

	1997 £	1996 £
UK corporation tax at 31.5% (1996: 33%)		
Under provision in respect of the prior year	16,229	-
	<u>16,229</u>	<u>-</u>

7 Dividends paid

	1997 £	1996 £
Dividends paid - £1.60 per share (1996: £nil per share)	400,000	-
	<u>400,000</u>	<u>-</u>

8 Tangible fixed assets

	Furniture, fittings and equipment £
Cost or valuation and depreciation	
At 1 January 1997	8,890
Disposals	(8,890)
At 31 December 1997	-
Net book value	
At 31 December 1996 and 1997	-

9 Stocks

	1997 £	1996 £
Vehicle and accessory stock	4,737,424	1,882,267
	<u>4,737,424</u>	<u>1,882,267</u>

10 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	676,034	1,177,083
Amounts owed by ultimate parent undertaking	16,708,710	21,791,344
Prepayments and accrued income	75,444	68,273
	<u>17,460,188</u>	<u>23,036,700</u>

Notes to the financial statements for the year ended 31 December 1997 (continued)

11 Creditors : amounts falling due within one year

	1997 £	1996 £
Trade creditors	2,894,140	2,123,177
Amounts owed to fellow subsidiary undertakings	19,044,140	22,120,229
	<u>21,938,280</u>	<u>24,243,406</u>

12 Called up share capital

	1997 £	1996 £
Authorised, allotted, called up and fully paid 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

13 Profit and loss account

	£
At 1 January 1997	425,561
Retained loss for the financial year	(416,229)
At 31 December 1997	<u>9,332</u>

14 Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Loss for the financial year	(16,229)	-
Dividend paid	(400,000)	-
Retained loss for the financial year	(416,229)	-
Opening shareholders' funds	<u>675,561</u>	<u>675,561</u>
Closing shareholders' funds	<u>259,332</u>	<u>675,561</u>

15 Capital commitments

At 31 December 1997, capital expenditure which was contracted but not provided for in these financial statements amounted to £nil (1996: £nil).

**Notes to the financial statements
for the year ended 31 December 1997 (continued)****16 Contingent liabilities**

The company is party to multi-lateral cross guarantee structures in respect of the indebtedness of the ultimate parent undertaking and its UK subsidiaries to Midland Bank plc, Barclays Bank PLC and The Royal Bank of Scotland plc and has agreed to execute a similar guarantee to The First National Bank of Chicago.

Britax Autolease Limited, a fellow subsidiary of Britax International plc, has financial commitments to pay future rentals to finance companies in connection with leasing agreements on vehicles which are sub-leased to customers. Autolease Fleets Limited has also guaranteed a minimum residual value on these vehicles. The sums payable to finance companies are secured by charges over the related sub-lease agreements and the anticipated future income from customers is in excess of the future rentals payable by Britax Autolease Limited. The estimated realisable value of the vehicles exceeds the amounts guaranteed by Autolease Fleets Limited.

17 Related party transactions

The directors of the company acquired vehicles from the company during 1997 on an arm's length basis as follows: Mr M Tucker acquired vehicles at a cost of £16,028 and £23,190; Mr Haynes acquired a vehicle at a cost of £14,708.

There were no other related party transactions disclosable under FRS 8 (Related party disclosures).

18 Ultimate and immediate parent undertakings

The company's immediate parent company is Britax International GmbH. The company's ultimate parent company and controlling party is Britax International plc.

Copies of the accounts of Britax International plc are available from The Secretary, Seton House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DE.