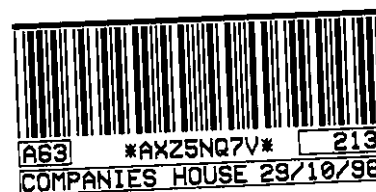


707749

DIAL CONTRACTS LTD

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995**



DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS

(Company Registration Number: 707749)

The Directors present their report and the audited financial statements for the year ended 31 December 1995.

ACTIVITIES

The principal activity of the company is the provision of vehicle management services including vehicle acquisition, contract hire, leasing and fleet management and this is likely to remain so for the foreseeable future.

RESULTS FOR THE YEAR

The company's profit for the year from ordinary activities after taxation amounted to £4,011,000 (1994: £6,882,000) and has been transferred to reserves. The Directors recommend that no dividend be declared for the year.

FIXED ASSETS

Significant changes in fixed assets are set out in notes 7, 8 and 9 to the financial statements.

DIRECTORS

The Directors of the company during the year were:

JE Yardley	Chairman
RM Bromage	appointed 1 January 1995.
SA Bullard	resigned 17 July 1995.
SW Clarke	
PJ Dunkley	
IMR Goswell	
JN Lewis	
MR Porter	resigned 7 November 1995.

POLICY ON DISABLED EMPLOYMENT

The company continues to take steps to increase employment opportunities for disabled people. Should existing employees become disabled, every help is given to ensure their continued employment wherever possible.

EMPLOYMENT POLICY

The company maintains policies aimed at informing employees of, and involving them in, matters relating to the company's activities and performance, as appropriate to their employment.

Participation in the Barclays PLC profit sharing scheme is also open to all eligible employees.

DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS

The Directors holding office at the end of the year and their beneficial interests in relevant shares or debentures as disclosed by the register kept under the provision of Section 325 of the Companies Act 1985 are listed below, except where they were also Directors of the company's immediate holding company:

Ordinary Stock Units of £1 each
in Barclays PLC

	Beneficial at 31.12.95	Options at 31.12.95	Options + Granted	Options + Exercised	Options at 1.1.95	Beneficial at 1.1.95
SW Clarke	7626	2609	173	2,229	4,665	4,576
IMR Goswell	456	-	-	-	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which 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 for the financial year.

The Directors consider that in preparing the financial statements on pages 5 to 15, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all the accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud or other irregularities.

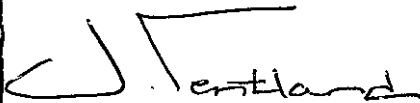
DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Price Waterhouse as Auditors of the company will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'JC Pentland', is written over a horizontal line.

JC Pentland
Secretary

29 March 1996

Dial House
Burston Road
London
SW15 6SD

AUDITORS' REPORT TO THE MEMBERS OF DIAL CONTRACTS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and Auditors

As described on page 2 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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

29 March 1996

DIAL CONTRACTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
Turnover	2	163,927	118,056
Cost of sales		<u>(113,491)</u>	<u>(71,066)</u>
Gross profit		50,436	46,990
Net operating expenses	3	<u>(19,664)</u>	<u>(17,910)</u>
Profit on ordinary activities before interest		30,772	29,080
Interest payable	4	<u>(24,636)</u>	<u>(18,334)</u>
Profit on ordinary activities before taxation	4	6,136	10,746
Tax on profit on ordinary activities	6	<u>(2,125)</u>	<u>(3,864)</u>
Profit on ordinary activities after taxation transferred to reserves	13	<u>4,011</u>	<u>6,882</u>

The results for the year relate exclusively to continuing operations.

The retained profit is equal to the recognised gain.

The notes on pages 7 to 15 form an integral part of these financial statements.

DIAL CONTRACTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

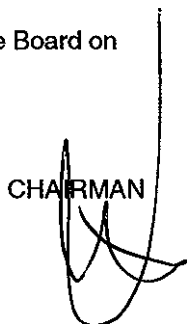
	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	7	1,944	1,586
Investments in group undertakings	8	6	6
Operating lease assets	9	<u>287,202</u>	<u>243,088</u>
		<u>289,152</u>	<u>244,680</u>
CURRENT ASSETS			
Debtors : Amounts falling due within one year	10	95,419	80,925
Debtors : Amounts falling due after more than one year	10	84,500	66,152
Cash at bank and in hand		<u>25</u>	<u>95</u>
		179,944	147,172
CREDITORS: Amounts falling due within one year	11	<u>(377,336)</u>	<u>(304,729)</u>
NET CURRENT LIABILITIES		<u>(197,392)</u>	<u>(157,557)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		91,760	87,123
CREDITORS: Amounts falling due after more than one year	11	(3,000)	(10,500)
PROVISIONS FOR LIABILITIES AND CHARGES	6	(9,827)	(10,159)
ACCRUALS AND DEFERRED INCOME	12	<u>(43,614)</u>	<u>(35,156)</u>
NET ASSETS		<u>35,319</u>	<u>31,308</u>
CAPITAL AND RESERVES			
Called up share capital - 222,222 authorised, allotted and fully paid ordinary £1 shares	13	222	222
Share premium account	13	4,403	4,403
Profit and loss account	13	<u>30,694</u>	<u>26,683</u>
SHAREHOLDERS' FUNDS	14	<u>35,319</u>	<u>31,308</u>

The notes on pages 7 to 15 form an integral part of these financial statements.

Approved by the Board on
29 March 1996

JE Yardley

CHAIRMAN



DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Income recognition

The profit and loss account is credited with income from:

- a Operating leases and hire purchase agreements, apportioning income evenly over the period of the agreements.
- b Finance leases, in proportion to the net cash investment.
- c Other operating income, on an accruals basis.

(3) Depreciation

Depreciation is provided as follows:

- a Operating lease assets - over expected useful lives to estimated residual values.
- b Plant, equipment and office furniture - 20% per annum on cost.
- c Computer equipment - 20% per annum on cost.
- d Company motor vehicles - 30% per annum on reducing balance basis.

(4) Manufacturers' discounts receivable

Discounts receivable from manufacturers on the purchase of motor vehicles are deducted from the cost of acquisition of the vehicles.

(5) Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on the timing differences which exist between the treatment of certain items for accounts purposes and their treatment for taxation purposes except where, in the opinion of the Directors, no liability to taxation is expected to arise in the foreseeable future.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

(6) Deferred maintenance income

In the case of hire contracts inclusive of vehicle maintenance, part of the rental charged to customers is in respect of maintenance costs to be incurred during the contract period. The excess of maintenance rental charged to date over expenditure incurred to date, is carried forward to the subsequent accounting periods to offset the increased maintenance costs likely to arise in the remainder of the contract period. Any excess of maintenance costs incurred on a vehicle at 31 December over the estimate of costs to be incurred by that date is written off.

(7) Pension costs

In arriving at the profit before taxation the costs of providing pensions are assessed and charged on a regular basis in accordance with the advice of independent professionally qualified actuaries.

(8) Cash flow statement

The company's ultimate holding company has included a cash flow statement in its financial statements for the year ended 31 December 1995. As the company is a wholly owned subsidiary it has not prepared a cash flow statement in accordance with Financial Reporting Standard 1.

(9) Accounting for subsidiary undertakings

The company's ultimate holding company has prepared consolidated financial statements for the year ended 31 December 1995. As the company is a wholly owned subsidiary it has not prepared consolidated financial statements in accordance with Financial Reporting Standard 2.

TURNOVER

Turnover represents the total of the gross earnings for the year on finance leases in accordance with the policy Note 1(2) and rentals receivable from operating leases after deduction of the maintenance element of rentals in accordance with the policy in Note 1(6). The total rentals receivable from operating leases amounted to £114,569,000 (1994- £87,361,000). The sole market supplied was the United Kingdom.

NET OPERATING EXPENSES

	1995 £'000	1994 £'000
Distribution costs	4,453	3,155
Administrative expenses	16,025	15,500
Other operating income	(814)	(745)
	<u>19,664</u>	<u>17,910</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
	This is arrived at after charging:		
1)	<u>Interest</u>		
	Interest payable on amounts due to group undertakings	<u>24,636</u>	<u>18,334</u>
2)	<u>Other charges</u>		
	Depreciation of operating lease assets	77,468	62,434
	Depreciation of tangible fixed assets	<u>719</u>	<u>561</u>
		<u>78,187</u>	<u>62,995</u>
	Auditors' remuneration:		
	Audit fees including expenses	48	48
	Non audit fees	<u>10</u>	<u>9</u>
		<u>58</u>	<u>57</u>
	Staff costs:		
	Wages and salaries	7,822	6,803
	Social security costs	723	664
	Other pension costs	<u>626</u>	<u>535</u>
		<u>9,171</u>	<u>8,002</u>
		<u>Number</u>	<u>Number</u>
	Average number of employees	<u>348</u>	<u>306</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

5 DIRECTORS' EMOLUMENTS

	<u>1995</u> £'000	<u>1994</u> £'000
Salaries including pension contributions	<u>827</u>	<u>699</u>
Compensation for loss of office	<u>£24,131</u>	<u>£41,825</u>
Analysis of Directors' emoluments (excluding pension fund contributions):		
Chairman and highest paid Director	<u>£181,066</u>	<u>£159,357</u>
Other Directors within the range:	<u>1995</u> Number	<u>1994</u> Number
£Nil - £5,000	1	1
£55,001 - £60,000	-	1
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£75,001 - £80,000	1	1
£80,001 - £85,000	1	1
£90,001 - £95,000	-	1
£95,001 - £100,000	1	-
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-
£125,001 - £130,000	1	-

TAXATION

1) Taxation is based on UK Corporation Tax at a rate of 33 % (1994 - 33%).

	<u>1995</u> £'000	<u>1994</u> £'000
The charge in the profit and loss account represents:		
Corporation tax	2,395	1,495
Adjustment in respect of prior years	<u>62</u>	<u>1630</u>
	2,457	3,125
Transfer (from)/ to deferred taxation	<u>(332)</u>	<u>739</u>
	<u>2,125</u>	<u>3,864</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

6 TAXATION (CONTINUED)

(2) Deferred taxation:

	<u>1995</u> £'000	<u>1994</u> £'000
At 1 January 1995	10,159	9,420
Transfer (to) / from profit and loss account	<u>(332)</u>	<u>739</u>
At 31 December 1995	<u>9,827</u>	<u>10,159</u>
Analysis of timing differences:		
Accelerated tax depreciation	14,085	13,714
Less other timing differences	<u>(4,258)</u>	<u>(3,555)</u>
	<u>9,827</u>	<u>10,159</u>

As at 31 December 1995 and 1994 there were no unrecognised deferred tax timing differences.

TANGIBLE FIXED ASSETS

	<u>Plant, equipment & office furniture</u> £'000	<u>Company motor vehicles</u> £'000	<u>Total</u> £'000
<u>Cost</u>			
At 1 January 1995	5,340	277	5,617
Additions during year	1,170	90	1,260
Disposals during year	<u>-</u>	<u>(257)</u>	<u>(257)</u>
At 31 December 1995	<u>6,510</u>	<u>110</u>	<u>6,620</u>
<u>Depreciation</u>			
At 1 January 1995	3,938	93	4,031
Charge for year	676	43	719
Eliminated in respect of disposals	<u>-</u>	<u>(74)</u>	<u>(74)</u>
At 31 December 1995	<u>4,614</u>	<u>62</u>	<u>4,676</u>
<u>Net Book Value</u>			
At 31 December 1995	<u>1,896</u>	<u>48</u>	<u>1,944</u>
At 31 December 1994	<u>1,402</u>	<u>184</u>	<u>1,586</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

8 INVESTMENTS IN GROUP UNDERTAKINGS

	<u>1995</u> £'000	<u>1994</u> £'000
Shares at cost	<u>6</u>	<u>6</u>

At 31 December the company held directly the entire share capital of Network Vehicles Limited and Barclays Vehicle Management Services Limited, both of which are registered in England and do not trade.

Group accounts are not presented since the company is a wholly owned subsidiary of another company incorporated in Great Britain.

In the opinion of the Directors the value of the company's interests in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

9 OPERATING LEASE ASSETS

<u>Cost</u>	<u>£'000</u>
At 1 January 1995	348,141
Additions	169,736
Disposals	<u>(101,396)</u>
At 31 December 1995	<u>416,481</u>
<u>Depreciation</u>	
At 1 January 1995	105,053
Charge for year	77,468
Eliminated in respect of disposals	<u>(53,242)</u>
At 31 December 1995	<u>129,279</u>
Net book value	
At 31 December 1995	<u>287,202</u>
At 31 December 1994	<u>243,088</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

10 DEBTORS

	1995 £'000	1994 £'000
Amounts receivable within one year:		
Finance lease receivables	21,381	20,518
Hire purchase receivables	33,667	23,483
Trade debtors	18,813	15,450
Amounts owed by parent and subsidiary undertakings	17,831	17,781
Prepayments and accrued income	3,727	3,693
	<u>95,419</u>	<u>80,925</u>
Amounts receivable after one year:		
Finance lease receivables	25,507	19,626
Hire purchase receivables	58,993	46,526
	<u>84,500</u>	<u>66,152</u>

The cost of assets purchased for leasing under finance and hire purchase agreements amounted to £29,540,000 (1994 - £25,961,000) and £57,643,000 (1994 - £54,172,000) respectively.

Total gross rentals receivable under finance leases and hire purchase agreements during the year amounted to £56,570,000 (1994 - £41,926,000).

11 CREDITORS

	1995 £'000	1994 £'000
Amounts falling due within one year:		
Trade creditors	1,949	4,049
Amounts owed to parent and subsidiary undertakings	372,324	294,786
Other creditors including taxation and social security	3,063	5,894
	<u>377,336</u>	<u>304,729</u>
Amounts falling due after more than one year:		
Amounts owed to parent undertakings	<u>3,000</u>	<u>10,500</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

12 ACCRUALS AND DEFERRED INCOME

	<u>1995</u> £'000	<u>1994</u> £'000
Deferred maintenance income	7,661	7,287
Rentals receivable in advance	22,470	19,584
Other accruals	<u>13,483</u>	<u>8,285</u>
	<u>43,614</u>	<u>35,156</u>

13 SHARE CAPITAL AND RESERVES

	<u>Share Capital</u> £000	<u>Share Premium</u> £000	<u>Profit & Loss Account</u> £000
At 1 January 1995	222	4,403	26,683
Movement for the year	-	-	4,011
At 31 December 1995	<u>222</u>	<u>4,403</u>	<u>30,694</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the financial year	4,011	6,882
Opening shareholders' funds	<u>31,308</u>	<u>24,426</u>
Closing shareholders' funds	<u>35,319</u>	<u>31,308</u>

All shareholders' funds are attributable to equity interests.

15 CAPITAL COMMITMENTS

	<u>1995</u> £'000	<u>1994</u> £'000
Motor vehicles for future hire under operating and finance leases ordered but not delivered	<u>2,010</u>	<u>7,129</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

16 COMMITMENTS

At 31 December 1995 the company had annual commitments under operating leases as follows:

	Leasehold Property	
	1995 £'000	1994 £'000
Expiring in over five years	<u>685</u>	<u>685</u>

17 PENSIONS

The company operates a non-contributory pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recently completed valuation was at 1 June 1993.

The principal actuarial assumptions adopted at the last valuation were that, over the long term, the average rate of interest credited to the scheme would be 1.5% higher than the annual increase in total pensionable remuneration. The actuarial value of the scheme at the date of valuation was £3.6 million and the actuarial valuation was sufficient to cover 98.5% of the benefits that had accrued to members, after allowing for expected future increase in earnings. The employer's contribution rate has been increased in accordance with actuarial recommendations.

The company is also a participating employer under the Barclays Mercantile Pension and Life Assurance scheme and eligible employees of the company have been offered membership of that scheme which is a contributory money purchase scheme.

The pension charge for the period was £626,000 (1994 - £535,000).

18 ULTIMATE PARENT COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Secretary, 54 Lombard Street, London EC3P 3AH.