

DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the accounts for the year ended 30th September 1973.

ACTIVITIES

The principal activity of the company is the provision of motor vehicles on long-term hire.

PROFIT AND APPROPRIATIONS

The profit for the year after taxation was £109,212. The directors recommend a dividend of £90,000 and that £19,212 be carried to reserves.

DIRECTORS

The directors of the company throughout the year were:

P. Rodney Pollard - Chairman  
H.A. Henderson - Managing Director  
S.G. [unclear]

Mr. P. Rodney Pollard retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

Mr. H.A. Henderson held no beneficial interest in the share capital and loan stock of Mercantile Credit Company Limited or any of its subsidiaries at 30th September 1972 or 30th September 1973. The other directors are directors of the holding company.

AUDITORS

The auditors, Messrs. Deloitte & Co., will be re-appointed in accordance with Section 159(2) of the Companies Act 1948.

By Order of the Board

Secretary

*[Signature]*

7/17, Ansdell Street,  
Kensington Square  
London W8

6th November 1973

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REPORT OF THE AUDITORS  
TO THE MEMBERS OF DIAL CONTRACTS LIMITED

In our opinion, the accounts set out on pages 3 to 6 give a true and fair view of the state of the company's affairs at 30th September 1973 and of its profit for the year ended on that date and comply with the Companies Acts 1949 and 1967.

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Chartered Accountants

London

6th November 1973

# DIAL CONTRACTS LIMITED

## BALANCE SHEET 30th SEPTEMBER 1973

	<u>1973</u> £	<u>1972</u> £
<b>FUNDS EMPLOYED</b>		
<b>SHARE CAPITAL</b>		
Authorised, issued and fully paid 100 Ordinary shares of £1 each	100	100
<b>RESERVE</b>		
Retained profits	88,764	69,552
	<u>88,864</u>	<u>69,652</u>
DEFERRED TAXATION (notes 1 and 2)	716,608	519,427
<b>LOANS AND OVERDRAFTS</b>		
Holding company	1,964,258	-
Fellow subsidiary	-	1,778,797
Bank	150,876	113,651
	<u>2,115,134</u>	<u>1,892,448</u>
	<u>£2,920,606</u>	<u>£2,481,527</u>
<b>USE OF FUNDS</b>		
OFFICE FURNITURE AND EQUIPMENT (notes 1 and 3)	4,456	3,379
MOTOR VEHICLES ON LONG-TERM HIRE (notes 1 and 4)	2,908,432	2,460,468
INVESTMENT IN SUBSIDIARY COMPANY (note 5)	1	1
AMOUNT DUE FROM HOLDING COMPANY	34,571	-
AMOUNT DUE FROM FELLOW SUBSIDIARIES	79,113	105,418
DEBTORS	142,715	166,260
	<u>3,169,288</u>	<u>2,735,526</u>
<b>CURRENT LIABILITIES</b>		
Creditors	124,084	103,349
Amount owing to subsidiary company	34,598	70,650
Proposed dividend	90,000	80,000
	<u>248,682</u>	<u>253,999</u>
	<u>£2,920,606</u>	<u>£2,481,527</u>

*Mr. A. J. J. J. J.*  
*A. J. J. J. J.*  
Directors

DIAL CONTRACTS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1973

	<u>1973</u> £	<u>1972</u> £
TURNOVER, representing the invoiced value of rental income in respect of motor vehicles on hire	<u>1,466,764</u>	<u>1,281,839</u>
PROFIT BEFORE TAXATION (note 6)	198,974	180,825
TRANSFER TO DEFERRED TAXATION at 45% thereon (1972 - 40%)	<u>89,762</u>	<u>72,002</u>
	109,212	108,816
PROVISION FOR PRIOR YEARS' LOSSES OF SUBSIDIARY COMPANY, NO LONGER REQUIRED	-	14,632
	109,212	123,448
RETAINED PROFITS BROUGHT FORWARD	<u>69,552</u>	<u>111,104</u>
	178,764	234,552
DIVIDENDS		
Interim dividend	-	85,000
Proposed final dividend	<u>90,000</u>	<u>80,000</u>
	<u>90,000</u>	<u>165,000</u>
RETAINED PROFITS CARRIED FORWARD	<u>£ 88,764</u>	<u>£ 69,552</u>

DIAL CONTRACTS LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

- (a) Deferred taxation, which is calculated on the deferral method, represents the deferral of the benefit received to the extent that capital allowances on motor vehicles on long-term hire exceed depreciation thereon, after taking into account unused losses of approximately £1,042,000 which are carried forward.
- (b) Rental income arising from the long-term hire of motor vehicles is brought into account on a straight line basis.
- (c) Motor vehicles on long term hire are depreciated on a straight line basis related to the relevant periods of hire. Office furniture and equipment is depreciated at a rate of 15% per annum on the reducing balance.

2. DEFERRED TAXATION

	<u>1973</u> £	<u>1972</u> £
Balance at 1st October	519,427	342,000
Transfer from profit and loss account	89,762	72,009
Adjustments in respect of group relief	107,419	105,418
Balance at 30th September	<u>£716,608</u>	<u>£519,427</u>

3. OFFICE FURNITURE AND EQUIPMENT

	£
Cost at 1st October 1972	5,247
Additions during year	2,383
Disposals during year	(96)
Cost at 30th September 1973	<u>7,534</u>
Accumulated depreciation at 30th September 1973	<u>3,078</u>
Net book value at 30th September 1973	<u>£4,456</u>

4. MOTOR VEHICLES ON LONG-TERM HIRE

	£
Cost at 1st October 1972	3,404,374
Additions during year	1,794,168
Disposals during year	(1,251,655)
Cost at 30th September 1973	<u>3,946,887</u>
Accumulated depreciation at 30th September 1973	<u>1,038,455</u>
Net book value at 30th September 1973	<u>£2,908,432</u>
Future rentals under current contracts in respect of the above motor vehicles amounted to	<u>£1,823,661</u>

DIAL CONTRACTS LIMITED

NOTES ON THE ACCOUNTS (Continued)

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5. INVESTMENT IN SUBSIDIARY COMPANY

At 30th September 1973, the company held 5,000 Ordinary shares of £1 each of Ringwest Motors Limited, being the whole of the issued share capital of that company. Group accounts are not presented since the company is a wholly-owned subsidiary of another company incorporated in Great Britain.

The directors are of the opinion that the value of the company's interest in its subsidiary, Ringwest Motors Limited, is not less than the amount at which it is stated in the balance sheet.

6. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging:

	<u>1973</u> £	<u>1972</u> £
Directors' emoluments, including pension contribution £500 (1972 - £500)	11,017	10,901
Interest payable		
Holding company	181,573	158,166
Bank overdraft	11,390	9,588
Depreciation	613,485	520,199
Auditors' remuneration	2,268	2,400

7. DIRECTORS' EMOLUMENTS

The emoluments of the highest paid director were £10,517 (1972 - £10,401). The chairman and the other director received no emoluments during the year or the previous year.

8. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Mercantile Credit Company Limited, which is incorporated in Great Britain.