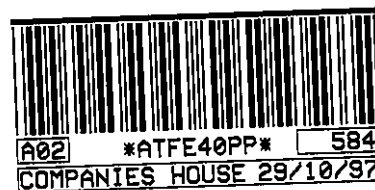


DIAL CONTRACTS LIMITED

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1996

707749



## **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 1996.

### **ACTIVITIES**

The principal activity of the company is the provision of vehicle management services including vehicle acquisition, contract hire, leasing and fleet management.

### **RESULTS FOR THE YEAR**

The company's profit for the year from ordinary activities after taxation amounted to £14,591,000 (1995: £4,011,000). After deducting £18,500,000 for dividends paid and proposed, £3,909,000 loss has been transferred from reserves. The Directors recommend the payment of a final dividend of £11,000,000 (1995: nil).

### **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:

BF Fowler	appointed 14 October 1996.
JE Yardley	resigned 31 October 1996.
RM Bromage	
SW Clarke	
PJ Dunkley	resigned 29 November 1996.
IMR Goswell	
JN Lewis	
MK Betts	appointed 28 October 1996.
HD Medcraft	appointed 28 October 1996.
ME Pummell	appointed 25 June 1996.

### **POLICY ON DISABLED EMPLOYMENT**

The company continues to take steps to provide 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 and profit related pay schemes is also open to all eligible employees.

## DIAL CONTRACTS LIMITED

### REPORT OF THE DIRECTORS (CONTINUED)

#### POLICY ON PAYMENT OF CREDITORS

It is the company's policy to negotiate payment terms with its suppliers and to pay in accordance with those terms.

#### 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 31.12.96	Options at 31.12.96	Options + Granted	Options + Exercised	Options at 1.1.96*	Beneficial at 1.1.96*
SW Clarke	9,383	2,530	865	944	2,609	7,626
IMR Goswell	1,102	—	—	—	—	456
MK Betts	1,320	1,223	—	—	1,223	1,320
HD Medcraft	—	—	—	—	—	—

\* or at date of appointment

#### 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.

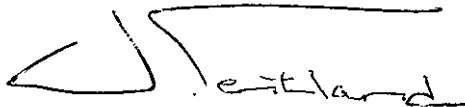
DIAL CONTRACTS LIMITED

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 dark ink, appearing to read 'JC Pentland', is written over a horizontal line.

JC Pentland  
Secretary

4 March 1997

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 1996 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

4 March 1997

# DIAL CONTRACTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Turnover	2	162,559	163,927
Cost of sales		<u>(98,876)</u>	<u>(113,491)</u>
Gross profit		63,683	50,436
Net operating expenses	3	<u>(17,906)</u>	<u>(19,664)</u>
Profit on ordinary activities before interest		45,777	30,772
Interest payable	4	<u>(24,891)</u>	<u>(24,636)</u>
Profit on ordinary activities before taxation	4	20,886	6,136
Tax on profit on ordinary activities	6	<u>(6,295)</u>	<u>(2,125)</u>
Profit on ordinary activities after taxation		14,591	4,011
Dividends paid and proposed	13	<u>(18,500)</u>	<u>—</u>
(Loss)/ profit for the financial year	14	<u>(3,909)</u>	<u>4,011</u>

The results for the year relate exclusively to continuing operations.

There were no recognised gains or losses in the year other than the amounts included in the profit and loss account above.

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

# DIAL CONTRACTS LIMITED

## BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	7	1,509	1,944
Investments in group undertakings	8	6	6
Operating lease assets	9	253,558	287,202
		255,073	289,152
CURRENT ASSETS			
Debtors : Amounts falling due within one year	10	104,059	95,419
Debtors : Amounts falling due after more than one year	10	70,428	84,500
Cash at bank and in hand		—	25
		174,487	179,944
CREDITORS: Amounts falling due within one year	11	(343,720)	(377,336)
NET CURRENT LIABILITIES		(169,233)	(197,392)
TOTAL ASSETS LESS CURRENT LIABILITIES		85,840	91,760
CREDITORS: Amounts falling due after more than one year	11	—	(3,000)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	6	(9,122)	(9,827)
ACCRUALS AND DEFERRED INCOME	12	(45,308)	(43,614)
NET ASSETS		31,410	35,319
CAPITAL AND RESERVES			
Called up equity share capital			
222,222 authorised, allotted and fully paid ordinary £1 shares	14	222	222
Share premium account	14	4,403	4,403
Profit and loss account	14	26,785	30,694
EQUITY SHAREHOLDERS' FUNDS	15	31,410	35,319

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

Approved by the Board on  
4 March 1997

*BF Fowler*

BF Fowler CHAIRMAN

**DIAL CONTRACTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996**

**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 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 or asset is expected to arise in the foreseeable future.



## DIAL CONTRACTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

#### 1 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. Any excess of maintenance rental charged over expenditure incurred, 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 charged against profits.

##### (7) Pension costs

In arriving at the profit before taxation the costs of providing pensions are assessed and charged in accordance with the advice of independent professionally qualified actuaries so as to spread the total cost evenly over the average remaining service lives of relevant employees.

##### (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 1996. 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 1996. As the company is a wholly owned subsidiary it has not prepared consolidated financial statements in accordance with the Companies Act 1985 and Financial Reporting Standard 2.

#### 2 TURNOVER

Turnover represents the total of the gross earnings for the year on finance leases recognised in accordance with the policy in 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 £116,478,000 (1995 – £114,569,000). The sole market supplied was the United Kingdom.

#### 3 NET OPERATING EXPENSES

	1996 £'000	1995 £'000
Distribution costs	3,026	4,453
Administrative expenses	15,755	16,025
Other operating income	(875)	(814)
	17,906	19,664

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996  
(CONTINUED)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£'000	£'000

This is arrived at after charging:

(1) Interest

Interest payable on amounts due to group undertakings	<u>24,891</u>	<u>24,636</u>
---	---------------	---------------

(2) Other charges

Depreciation of operating lease assets	67,546	77,468
Depreciation of tangible fixed assets	<u>657</u>	<u>719</u>
	<u>68,203</u>	<u>78,187</u>

Auditors' remuneration:

Audit fees including expenses	46	48
Non audit fees	<u>37</u>	<u>10</u>
	<u>83</u>	<u>58</u>

Staff costs:

Wages and salaries	7,734	7,822
Social security costs	727	723
Other pension costs	<u>660</u>	<u>626</u>
	<u>9,121</u>	<u>9,171</u>

	Number	Number
Average number of employees	<u>340</u>	<u>348</u>

# DIAL CONTRACTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

### 5 DIRECTORS' EMOLUMENTS

	1996 £'000	1995 £'000
Salaries including pension contributions	<u>826</u>	<u>827</u>
Compensation for loss of office	<u>170</u>	<u>24</u>
Analysis of Directors' emoluments (excluding pension fund contributions):		
Chairman and highest paid Director – outgoing – J E Yardley	126	181
Chairman incoming – B F Fowler	<u>26</u>	<u>–</u>
Other Directors within the range:	1996 Number	1995 Number
£Nil – £5,000	1	1
£10,001 – £15,000	2	–
£35,001 – £40,000	1	–
£65,001 – £70,000	1	1
£75,001 – £80,000	–	1
£80,001 – £85,000	1	1
£90,001 – £95,000	2	–
£95,001 – £100,000	–	1
£110,001 – £115,000	–	1
£125,001 – £130,000	–	1

### 6 TAXATION

- (1) Taxation is based on UK Corporation Tax at a rate of 33 % (1995 – 33%).

	1996 £'000	1995 £'000
The charge in the profit and loss account represents:		
Corporation tax	7,199	2,395
Deferred taxation	(705)	(332)
Adjustment in respect of prior years	<u>(199)</u>	<u>62</u>
	<u>6,295</u>	<u>2,125</u>

# DIAL CONTRACTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

### 6 TAXATION (CONTINUED)

(2) Deferred taxation is provided in full as follows:

	1996 £'000	1995 £'000
At 1 January	9,827	10,159
Transfer to profit and loss account	(705)	(332)
At 31 December	9,122	9,827
Analysis of timing differences:		
Accelerated capital allowances	13,533	14,085
Other timing differences	(4,411)	(4,258)
	9,122	9,827

### 7 TANGIBLE FIXED ASSETS

	Plant, equipment & office furniture £'000	Company motor vehicles £'000	Total £'000
<u>Cost</u>			
At 1 January 1996	6,510	110	6,620
Additions during year	174	70	244
Disposals during year	—	(53)	(53)
At 31 December 1996	6,684	127	6,811
<u>Depreciation</u>			
At 1 January 1996	4,614	62	4,676
Charge for year	646	11	657
Eliminated in respect of disposals	—	(31)	(31)
At 31 December 1996	5,260	42	5,302
<u>Net Book Value</u>			
At 31 December 1996	1,424	85	1,509
At 31 December 1995	1,896	48	1,944

# DIAL CONTRACTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

### 8 INVESTMENTS IN GROUP UNDERTAKINGS

	1996 £'000	1995 £'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.

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>	Motor Vehicles £'000
At 1 January 1996	416,481
Additions	118,179
Disposals	<u>(157,243)</u>
At 31 December 1996	<u>377,417</u>
<u>Depreciation</u>	
At 1 January 1996	129,279
Charge for year	67,546
Eliminated in respect of disposals	<u>(72,966)</u>
At 31 December 1996	<u>123,859</u>
<u>Net book value</u>	
At 31 December 1996	<u>253,558</u>
At 31 December 1995	<u>287,202</u>

# DIAL CONTRACTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

### 10 DEBTORS

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Finance lease receivables	18,609	21,381
Hire purchase receivables	36,349	33,667
Trade debtors	10,764	18,813
Amounts owed by parent and fellow subsidiary undertakings	31,041	17,831
Prepayments and accrued income	7,296	3,727
	<u>104,059</u>	<u>95,419</u>
Amounts receivable after one year:		
Finance lease receivables	29,107	25,507
Hire purchase receivables	41,321	58,993
	<u>70,428</u>	<u>84,500</u>

The cost of assets purchased for leasing under finance and hire purchase agreements amounted to £32,640,000 (1995 – £29,540,000) and £27,428,000 (1995 – £57,643,000) respectively.

Total gross rentals receivable under finance leases and hire purchase agreements during the year amounted to £57,843,000 (1995 – £56,570,000).

### 11 CREDITORS

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Trade creditors	2,612	1,949
Amounts owed to parent and fellow subsidiary undertakings	320,943	372,324
Other creditors including taxation and social security	9,165	3,063
Dividends proposed	11,000	–
	<u>343,720</u>	<u>377,336</u>
Amounts falling due after more than one year:		
Amounts owed to fellow subsidiary undertaking	<u>–</u>	<u>3,000</u>

# **DIAL CONTRACTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

### **12 ACCRUALS AND DEFERRED INCOME**

	<u>1996</u> £'000	<u>1995</u> £'000
Deferred maintenance income	11,487	7,661
Rentals receivable in advance	18,951	22,470
Other accruals	14,870	13,483
	<u>45,308</u>	<u>43,614</u>

### **13 DIVIDENDS**

	<u>1996</u> £'000	<u>1995</u> £'000
Ordinary interim dividend paid	7,500	—
Ordinary final dividend proposed	11,000	—
	<u>18,500</u>	<u>—</u>

### **14 SHARE CAPITAL AND RESERVES**

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Profit &amp; Loss Account</u> £'000
At 1 January 1996	222	4,403	30,694
Retained loss for the year	—	—	(3,909)
At 31 December 1996	<u>222</u>	<u>4,403</u>	<u>26,785</u>

### **15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1996</u> £'000	<u>1995</u> £'000
Retained (loss)/ profit for the financial year	(3,909)	4,011
Opening shareholders' funds	35,319	31,308
Closing shareholders' funds	<u>31,410</u>	<u>35,319</u>

All shareholders' funds are attributable to equity interests.

### **16 CAPITAL COMMITMENTS**

	<u>1996</u> £'000	<u>1995</u> £'000
Motor vehicles for future hire under operating and finance leases ordered but not delivered	<u>10,303</u>	<u>2,010</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996  
(CONTINUED)**

**17 OTHER FINANCIAL COMMITMENTS**

At 31 December 1996 the company had annual commitments under operating leases as follows:

	Leasehold Property	
	1996	1995
	£'000	£'000
Expiring in over five years	<u>685</u>	<u>685</u>

**18 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 1996.

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 £5.7 million and the actuarial valuation reflected a surplus being sufficient to cover 107% 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 the actuarial recommendations with effect from 1 June 1996, this increase being intended to cover anticipated increases in costs due to legislation requirements.

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 £660,000 (1995 – £626,000).

**19 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.

**20 RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard 8 "Related Party Disclosures", the company has not disclosed details of transactions with entities that are part of the group or investees of the group qualifying as related parties since 100% of its voting rights are controlled within the group and the company is included as a subsidiary undertaking in the consolidated financial statements of its ultimate parent undertaking, Barclays PLC.