

707749

DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 30th September 1978.

ACTIVITIES

The principal activity of the company is the rental of motor vehicles on contract hire and on lease.

PROFIT AND APPROPRIATIONS

The company's profit for the year after taxation was £722,047. The directors recommend a dividend of £600,000.

DIRECTORS

The directors of the company during the year were:

P. Rodney Pollard - Chairman
H.A. Henderson - Managing
S.G. Errington
P.E. Howroyd
P.J. Moore - Appointed 4th October 1977)

DIRECTORS' INTERESTS

Mr. P. Rodney Pollard and Mr. S.G. Errington are directors of the immediate holding company and are not required to notify their interests to the company. The interests of the other directors in the share and loan capital of the ultimate holding company and its subsidiaries at 30th September 1977 and 30th September 1978 were:


| | Barclays Bank Limited | | | |
|----------------|------------------------|-------------|---------------------|-------------|
| | At 30th September 1978 | | At 1st October 1977 | |
| | stock units of £1 | | stock units of £1 | |
| | Ordinary | 8 1/2% Loan | Ordinary | 8 1/2% Loan |
| H.A. Henderson | - | - | - | - |
| P.E. Howroyd | - | - | - | - |
| P.J. Moore | 341 | 328 | 341* | 328* |

* At date of appointment

AUDITORS

In accordance with Section 14 of the Companies Act 1976, a resolution proposing the re-appointment of Deloitte Haskins & Sells (formerly Deloitte & Co.) as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


Secretary

7-17, Ansdell Street,
Kensington Square,
London, W.8.

1st December 1978



REPORT OF THE AUDITORS
TO THE MEMBERS OF DIAL CONTRACTS LIMITED

We have examined the accounts set out on pages 3 to 9 which have been prepared on the basis of the accounting policies set out on page 6.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th September 1978 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

1. Let H_1, H_2, \dots, H_n

Chartered Accountants

London

6th December: 1978

DIAL CONTRACTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1978

| | <u>Notes</u> | <u>1978</u> <u>£</u> | <u>1977</u> <u>£</u> |
|------------------------------------|--------------|-------------------------|-------------------------|
| TURNOVER | 6 | <u>£18,593,461</u> | <u>£5,416,664</u> |
| PROFIT BEFORE TAXATION | 7 & 8 | 1,496,076 | 932,634 |
| TAXATION | 9 | <u>774,029</u> | <u>(95,511)</u> |
| | | 722,047 | 1,028,145 |
| RETAINED PROFITS AT 1ST OCTOBER | | <u>75,566</u> | <u>75,566</u> |
| | | 797,613 | 1,103,711 |
| PROPOSED DIVIDEND | | <u>600,000</u> | <u>1,028,145</u> |
| RETAINED PROFITS AT 30TH SEPTEMBER | | <u>£197,613</u> | <u>£75,566</u> |

AL CONTRACTS LIMITED
BALANCE SHEET 30TH SEPTEMBER 1978

Notes

1978
£

1977
£

FUNDS EMPLOYED

SHARE CAPITAL

Authorised, issued and fully paid
 100 shares of £1 each

RETAINED PROFITS

DEFERRED TAXATION

LOANS AND OVERDRAFTS

Loan from holding company
 Secured loan
 Unsecured loans
 Bank overdraft

USE OF FUNDS

FIXED ASSETS

MOTOR VEHICLES ON CONTRACT HIRE AND LEASE

INTEREST IN SUBSIDIARY

AMOUNTS DUE FROM GROUP COMPANIES

STOCKS

DEBTORS AND PREPAYMENTS

CASH

CURRENT LIABILITIES

Creditors
 Deferred maintenance income
 Rentals received in advance
 Amount owing to subsidiary
 Amount owing to fellow subsidiary
 Dividends

2

1 & 3

1 & 4

5

1

1

| | 100 | 100 |
|--|-------------|-------------|
| | 197,613 | 75,566 |
| | 197,713 | 75,666 |
| | 9,229,851 | 3,082,803 |
| | | |
| | 7,139,384 | 6,964,112 |
| | 21,527 | 21,652 |
| | 10,000,000 | - |
| | 1,037,104 | 132,119 |
| | 18,198,015 | 7,117,883 |
| | £27,625,579 | £10,276,352 |
| | | |
| | 94,746 | 69,611 |
| | 22,097,188 | 9,991,173 |
| | 5,984 | 5,984 |
| | 6,005,201 | 1,505,845 |
| | 5,193 | 1,352 |
| | 1,546,635 | 721,562 |
| | 549 | 729 |
| | 29,755,496 | 12,298,256 |
| | | |
| | 485,989 | 260,569 |
| | 340,529 | 108,787 |
| | 361,947 | 316,531 |
| | 104,332 | 98,931 |
| | - | 8,941 |
| | 837,120 | 1,028,145 |
| | 2,129,917 | 2,021,900 |
| | £27,625,579 | £10,276,352 |

Alvin J. J. J.
Alvin J. J. J.

Directors

IAL CONTRACTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30TH SEPTEMBER 1978

SOURCE OF FUNDS

FUNDS GENERATED FROM OPERATIONS

Profit before taxation
Adjustment for item not involving
the movement of funds:
Depreciation

| 1978 £ | 1977 £ |
|------------------|------------------|
| 1,496,076 | 932,634 |
| 3,196,234 | 2,207,753 |
| <u>4,692,310</u> | <u>3,140,387</u> |

FUNDS FROM OTHER SOURCES

Proceeds from disposal of motor vehicles
on contract hire
Proceeds from disposal of fixed assets
Increase in loan from holding company
Receipt in respect of group relief
Increase in unsecured loans

| | |
|-------------------|------------------|
| 3,418,118 | 2,267,711 |
| - | 170 |
| 175,272 | 1,505,426 |
| 873,663 | 36,194 |
| 10,000,000 | - |
| <u>14,467,053</u> | <u>3,809,501</u> |
| <u>19,159,363</u> | <u>6,949,888</u> |

APPLICATION OF FUNDS

Purchase of motor vehicles for contract hire
Purchase of fixed assets
Dividend paid
Reduction in secured loan

| | |
|-------------------|------------------|
| 18,707,116 | 6,380,215 |
| 38,386 | 24,653 |
| 791,025 | 420,000 |
| 125 | 613 |
| <u>19,536,652</u> | <u>6,825,481</u> |
| <u>£(377,289)</u> | <u>£124,407</u> |

INCREASE IN WORKING CAPITAL

Increase (1977 Decrease) in stocks
Increase (1977 Decrease) in debtors
Increase in creditors
Increase in deferred maintenance income
Decrease in rentals received in advance
Decrease in amounts due to group companies
Increase (1977 Decrease) in bank overdraft

| | |
|-------------------|-----------------|
| 1,841 | (1,888) |
| 825,073 | (46,890) |
| (225,420) | (48,750) |
| (231,742) | (87,583) |
| 154,584 | 227,108 |
| 3,540 | 27,135 |
| (405,165) | 55,275 |
| <u>£(377,289)</u> | <u>£124,407</u> |

AL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1978

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The company prepares its accounts on the historical cost basis of accounting.

(b) Depreciation of Motor Vehicles on Contract Hire and Lease

(i) on contract hire:

The cost less estimated residual value of motor vehicles on contract hire is depreciated on a straight line basis over the period of hire. The difference between sale proceeds and estimated residual value is taken to profit and loss account in the year of disposal of the vehicle.

(ii) on lease:

The cost less agreed residual value of leased motor vehicles is depreciated over the lease period on a rising scale resulting from net leasing income (total rental income less the excess of vehicle cost over the agreed residual value) being taken to credit in relation approximately to the funds invested in the asset.

(c) Depreciation of Fixed Assets

Leasehold improvements are amortised by equal instalments over the period of the lease. Plant, equipment and office furniture is depreciated at the rate of 15% per annum on the straight line method.

(d) Deferred Taxation

Deferred taxation is accounted for under the deferral method and represents the deferral of the taxation benefit received to the extent that capital allowances on fixed assets and the contract hire and lease costs exceed depreciation thereon.

(e) Stocks

Stocks are valued at the lower of invoiced cost to the company and net realisable value.

(f) 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 the maintenance rental charged to date, in respect of a vehicle, over expenditure incurred to date is carried forward to the subsequent accounting period 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 30th September over the estimate of costs to be incurred by that date is written off.

AL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1978 (continued)

2. SECURED LOAN

The loan is secured on the leasehold property and is repayable by varying instalments over 43 years. Interest is payable at the rate of 3% per annum on £5,000, the balance of the loan being interest free.

3. FIXED ASSETS

| | Leasehold improvements under 50 years £ | Plant, equipment and office furniture £ | Total £ |
|------------------------|--|--|------------|
| COST | | | |
| At 1st October 1977 | 27,414 | 82,632 | 110,046 |
| Additions during year | 115 | 38,271 | 38,386 |
| Disposals during year | - | - | - |
| At 30th September 1978 | 27,529 | 120,903 | 148,432 |
| DEPRECIATION | | | |
| At 1st October 1977 | 8,917 | 31,518 | 40,435 |
| Charge for the year | 949 | 12,302 | 13,251 |
| Disposals during year | - | - | - |
| At 30th September 1978 | 9,866 | 43,820 | 53,686 |
| NET BOOK VALUES | | | |
| At 30th September 1978 | £17,663 | £77,083 | £94,746 |
| At 30th September 1977 | £18,497 | £51,114 | £69,611 |

Capital expenditure in respect of which contracts had been placed at 30th September 1978 amounted to £Nil (1977 £Nil).

4. MOTOR VEHICLES ON CONTRACT HIRE AND LEASE

| | On hire £ | On lease £ | Total £ |
|---|--------------|---------------|-------------|
| COST | | | |
| At 1st October 1977 | 13,874,885 | - | 13,874,885 |
| Additions during the year | 11,065,761 | 7,641,355 | 18,707,116 |
| Disposals during year | (5,645,288) | - | (5,645,288) |
| At 30th September 1978 | 19,295,358 | 7,641,355 | 26,936,713 |
| DEPRECIATION | | | |
| At 1st October 1977 | 3,883,712 | - | 3,883,712 |
| Charge for the year | 2,598,305 | 584,678 | 3,182,983 |
| Eliminated in respect of disposals | (2,227,170) | - | (2,227,170) |
| At 30th September 1978 | 4,254,847 | 584,678 | 4,839,525 |
| NET BOOK VALUES | | | |
| At 30th September 1978 | £15,040,511 | £7,056,677 | £22,097,188 |
| At 30th September 1977 | £9,991,173 | £Nil | £9,991,173 |
| Future rentals under current agreements in respect of vehicles on lease | | £8,213,968 | |

At 30th September 1978 commitments for the purchase of additions to the contract hire and lease fleets amounted to £3,140,762 (1977 - £1,702,000).

DIAL CONTRACTS LIMITED

NOTES ON THE ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1978 (continued)

5. INTEREST IN SUBSIDIARY

| | <u>1978</u> £ | <u>1977</u> £ |
|----------------|------------------|------------------|
| Shares at cost | <u>15,984</u> | <u>15,984</u> |

At 30th September 1978, the company held 5,000 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.

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

6. TURNOVER

Turnover represents the total rentals receivable under agreements entered into during the year for the contract hire and lease of motor vehicles before deducting any refund of rentals, related to disposal proceeds which become payable on the termination of a lease.

7. PROFIT BEFORE TAXATION

This is arrived at after charging:

| | <u>1978</u> £ | <u>1977</u> £ |
|--|------------------|------------------|
| Interest payable: | | |
| Holding company | 760,401 | 680,601 |
| Bank overdraft | 35,890 | 17,511 |
| Secured loan | 150 | 150 |
| Other loans | 116,702 | - |
| Depreciation of fixed assets | 13,251 | 8,974 |
| Depreciation of contract hire and lease fleets | 3,182,983 | 2,198,779 |
| Auditors' remuneration | 5,421 | 4,603 |
| and after crediting: | | |
| Dividend from subsidiary | <u>10,510</u> | <u>3,820</u> |

8. DIRECTORS' EMOLUMENTS

| | £ | £ |
|---|----------------|----------------|
| Emoluments as executives | <u>148,159</u> | <u>130,346</u> |
| Compensation for loss of office | <u>£ -</u> | <u>11,500</u> |
| Analysis of directors' emoluments (excluding pension fund contributions): | | |
| Chairman | <u>Nil</u> | <u>Nil</u> |
| Highest paid director | <u>148,159</u> | <u>141,846</u> |

ALIA CONTRACTS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1978 (continued)

8. DIRECTORS' EMOLUMENTS (continued)

Analysis of directors' emoluments (excluding pension fund contributions):

Other directors within the range:

£Nil - £ 2,500
£ 2,501 - £ 5,000
£ 5,001 - £ 7,500
£ 7,501 - £10,000
£10,001 - £12,500

1978
Number

1977
Number

1
Nil
Nil
1
1

1
1
1
Nil
Nil

9. TAXATION

(i) Current year

Transfer to deferred taxation
Less: Amount receivable in respect of
tax appropriate to group relief
on the company's loss for the
year for taxation purposes

£ 6,203,617 £ 1,014,343

(5,429,588) (525,139)

774,029 489,204

(ii) Prior years

Transfer (from/to) deferred taxation
Less: Reduction (1977 increase) in
amounts receivable from group
companies in respect of tax
appropriate to group relief on
the company's losses for taxation
purposes in 1976 and 1977.

(56,569) 432,185

56,569 (428,146)

- (5,961)

(iii) Amounts receivable in respect of group relief in excess of 52% of losses surrendered

Current year
Prior years

- (484,744)

- (94,010)

- (578,754)

£ 774,029 £ (95,511)

10. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Barclays Bank Limited, which is incorporated in Great Britain.