DIAL CONTRACTS LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31 DECEMBER 2001

Company Registration Number : 707749

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2001
CONTENTS

DIAL CONTRACTS LIMITED
REPORT OF THE DIRECTORS

The directors present their annual report and the audited accounts of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company continued to be vehicle leasing and fleet management.

Following the integration of the company within the LeasePlan group in June 2000, there followed a wide ranging re-organisation program and system harmonisation exercise. The company now operates within a streamlined organisation and integrated system which has produced greatly improved efficiency, economies of scale and compliance with best practice.

The year saw continued growth in the business and a significant improvement in the operating result, despite the depressed residual value market and consolidating market place.

With the strategic focus on expanding fleet management supported by a further expanded range of value added services, with ongoing cost-efficiency and economies of scale the company is well positioned to generate sustained future growth.

The profit for the year after tax and dividend has been transferred to reserves.

RESULTS AND DIVIDENDS

The company's profit and loss account is shown on page 5.

A dividend of £4,600,000 is proposed (2000: £nil).

DIRECTORS

The directors during the year were :

H M Thomas	
J D Boon	
M K Betts	(resigned 31/12/2001)
I M R Goswell	(resigned 31/12/2001)
BA Iversen	(resigned 6/7/2001)

There are no directors' interests requiring disclosure under the Companies Act 1985.

EMPLOYEES

The directors recognise the importance of human resources. Practices to promote good communications and relations with employees include the use of teambriefs, quarterly staff meetings and annual publication of a strategy document. The company continues to give full and fair consideration to applications from disabled persons.

(continued on page 3)

DIRECTORS' RESPONSIBILITY FOR THE ACCOUNTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

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

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

EP Kirkwood

E P Kirkwood
Secretary
Date: 25 October 2002

165 Bath Road
Slough
Berks SL1 4AA

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIAL CONTRACTS LIMITED

We have audited the accounts on pages 5 to 16.

Respective responsibility of directors and auditors
The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

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 2001 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Date: 25 October 2002

PO Box 695
8 Salisbury Square
London EC4Y 8BB

DIAL CONTRACTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2001

	Note	2001 £'000	2000 £'000
Turnover	2a	195,621	196,686
Cost of sales	4	(164,171)	(173,082)
Gross Profit		31,450	23,604
Administrative expenses		(15,568)	(25,194)
Profit/(loss) on ordinary activities before taxation	5	15,882	(1,590)
Taxation	7	(4,767)	1,137
Profit/(loss) profit for the year		11,115	(453)
Dividend	8	(4,600)	-
Retained profit brought forward	14	20,489	20,942
Retained profit carried forward		27,004	20,489

The results reflect the continuing operations of the business.
The notes on pages 7 to 16 form part of these accounts.
In accordance with group disclosure, items included in other income have been reclassified to turnover.

DIAL CONTRACTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	2001 £'000	2000 £'000
ASSETS			
Fixed assets			
Tangible assets:			
Used by the company	9	1,589	728
Leased to customers	10	327,102	331,852
		328,691	332,580
Investments	11	6	6
Current assets			
Stock	12	3,677	2,026
Debtors: Amounts falling due within one year	13	113,963	101,239
Debtors: Amounts falling due after more than one year	13	47,863	54,894
		161,826	156,133
		494,200	490,745
LIABILITIES			
Capital and reserves			
Called-up share capital	14	222	222
Share premium	14	4,403	4,403
Profit and loss account		27,004	20,489
Equity shareholders' funds	14	31,629	25,114
Provision for liabilities and charges	15	2,357	4,054
Creditors: Amounts falling due within one year	16	438,195	448,157
Creditors: Amounts falling due after one year	16	22,019	13,420
		494,200	490,745

The notes on pages 7 to 16 form part of these accounts.

The accounts were approved by the Board of Directors on 25/10/2002 and signed on its behalf by:.

J D Moon
Director

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2001
STATEMENT OF RECOGNISED GAINS AND LOSSES

	2001 £'000	2000 £'000
Profit/(loss) for the year after tax	11,115	(453)
Prior year adjustment	-	(6,192)
Total recognised gains and losses for the year	11,115	(6,645)

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2001
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The accounts have been prepared in accordance with the historical cost accounting conventions and applicable accounting standards.

The company has taken advantage of the exemption permitted under the Companies Act not to prepare consolidated financial statements, as it is a wholly owned subsidiary of Inula Holding UK Limited where group accounts are prepared.

b) Income recognition

Finance lease and lease purchase contracts

Finance income generated by an asset is the difference between the cost of an asset and the lease rentals received. Finance income is credited to the profit and loss account in proportion to the reducing net investment in the asset. Net investment in an asset is shown as a debtor on the balance sheet.

Operating Leases

Rentals received are recognised on a straight line basis over the life of the lease.

Management and administration fees charged are also credited to the profit and loss account.

c) Maintenance income and costs

Maintenance costs are charged directly to the profit and loss account as they become due together with the corresponding income. The difference between maintenance income earned to date and maintenance rentals received is held on the balance sheet as deferred income. Immediate provision is made where an overall loss is anticipated on the portfolio.

Estimation techniques

In order to calculate the required provision for losses on the portfolio, estimations are made in respect of the total contract costs based upon previous maintenance experience and projected maintenance prices.

d) Depreciation

Property and equipment used by the company

Depreciation of fixed assets is provided at rates calculated to write off the cost to an estimated residual value, by equal annual instalments over their expected useful life, as follows:

Computer equipment	over 3 - 5 years
Furniture, fixtures & fittings	over 5 to 10 years
Leasehold improvements	over the lease term

Assets leased to customers

Operating leases are depreciated using the annuity method down to their anticipated residual value over the period of the lease. The annuity method allocates depreciation to each period such that the total value of interest and depreciation in any period is a constant percentage of income, thus resulting in a consistent profit margin over the period of the lease.

Residual values

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market for that asset as well as general economic conditions.

Any permanent impairment in the residual value of an asset is immediately charged to the profit and loss account.

Future residual values are constatly monitored so as to identify any impairment required, by reference to the company's past history for residual values and industry projections of the likely future market for each group of assets.

1. ACCOUNTING POLICIES, continued

e) Leases as lessee

Operating leases

Operating lease rentals payable are charged to the profit and loss account evenly over the length of the lease.

f) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences.

g) Pension costs

The company operates a defined contribution scheme and a scheme providing benefits based on final pensionable pay.

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund (note 18). The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The assets of the defined benefit scheme are held separately from those of the company (note 18). Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

h) Stock

The stock is valued at lower of cost or net realisable value.

i) Investments

In the company's financial statements, investments in subsidiary undertakings and associates are stated at cost less amounts written off.

j) Financial instruments

The company has committments under amortising swaps to hedge against exposure to interest risk. Cashflows arising under the hedge contracts are accounted for on an accruals basis so as to match their effect with the amounts payable on the underlying borrowing (see note 17).

k) Bad debts

The company has an ongoing policy for monitoring the credit quality of its portfolio and for making provision for losses inherent in credit exposures.

Specific provision is made for bad debts as they arise taking into account possible recoveries from the customer and sale proceeds of the asset. In addition, a general provision is made to cover likely future losses on doubtful debts not specifically identified.

2. TURNOVER

a) Turnover is the aggregate of :

Finance leases:	as disclosed in note 1b)
Operating leases:	as disclosed in note 1b)
Fleet services:	the total amounts invoiced to customers excluding value added tax

b) Rentals receivable	**2001**	**2000**
	£'000	**£'000**
The aggregate rentals receivable for the year for operating leases was	164,070	157,857

All of the group turnover arose in the UK.

c) Assets acquired	**£'000**	**£'000**
The cost of assets acquired in the year for the purpose of finance leasing and lease purchase contracts was	69,657	55,747

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) was as follows:

	2001	2000
Sales and marketing	51	52
Operations	133	137
Finance and administration	93	96
	277	285

The numbers for 2000 have been re-allocated between the functions following a review.

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£'000	£'000
Wages and salaries	6,802	8,187
Social security costs	711	1,041
Pension costs	586	612
	8,099	9,840

4. COST OF SALES

a) Cost of sales

In relation to finance leases and hire purchase contracts, cost of sales represents interest and similar costs; in relation to operating leases, cost of sales also reflects running expenses and amortisation of the assets computed in a manner calculated to give effect to the income recognition policy described in note 1.

b) Interest payable	2001	2000
	£'000	£'000
On bank overdraft and loans repayable within five years:		
to group undertakings	25,739	11,089
Non bank interest	-	15,532
	25,739	26,621

As the company's business is mainly concerned with the provision of financial services, interest payable has been included in "Cost of sales" in the profit and loss account.

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2001	2000
This is stated after charging the following:	£'000	£'000
Depreciation of tangible fixed assets used by the company	305	508
Depreciation of tangible fixed assets leased to customers	87,639	90,150
Amount charged in the year for rental on operating leases	699	701
Auditors' remuneration and expenses	66	54

The auditors received £nil for non audit work performed during 2001 and 2000.

6. DIRECTORS' EMOLUMENTS

	2001 £'000	2000 £'000
Remuneration as executives	764	833
Pension contributions	32	85
Compensation for loss of office	311	220
	1,107	1,138
Highest paid director:		
Emoluments	341	201
Pension cost	16	13
	No.	No.
Directors accruing benefits under the defined benefit pension scheme	2	3
Directors accruing benefits under the defined contribution pension scheme	-	3

7. TAXATION

The taxation charge/(credit) represents the following:

	2001 £'000	2000 £'000
Corporation tax - current year	903	4,492
Corporation tax - prior year	1,780	(5,285)
Deferred tax - current year	3,872	(4,947)
Deferred tax - prior year	(1,788)	4,603
	4,767	(1,137)

8. DIVIDEND

	2001 £'000	2000 £'000
Dividend proposed	4,600	-

9. TANGIBLE FIXED ASSETS

	Furniture & equipment £'000	Motor Vehicles £'000	Totals £'000
Cost:			
At 1 January 2001	7,286	8	7,294
Additions	1,167	-	1,167
Disposals	-	(8)	(8)
At 31 December 2001	8,453	-	8,453
Depreciation:			
At 1 January 2001	6,559	7	6,566
Charge for the year	305	-	305
Disposals	-	(7)	(7)
At 31 December 2001	6,864	-	6,864
Net book value:			
At 31 December 2001	1,589	-	1,589
At 31 December 2000	727	1	728

10. TANGIBLE FIXED ASSETS LEASED TO CUSTOMERS

	Operating leases £'000
Cost:	
At 1 January 2001	507,590
Additions	165,095
Disposals	(177,132)
At 31 December 2001	495,553
Depreciation:	
At 1 January 2001	175,738
Disposals	(94,926)
Charge for the year	87,639
At 31 December 2001	168,451
Net book value:	
At 31 December 2001	327,102
At 31 December 2000	331,852

Included in the depreciation charge for the year above is £771,000 in respect of the permanent diminuition in residual values of the lease portfolio (2000 - £5,539,000).

11. FIXED ASSET INVESTMENTS

	Subsidiary undertakings £'000
Cost and Net Book Value	
At 1 January 2001 & 31 December 2001	6

Subsidiary undertakings

The company has the following subsidiary undertakings at 31 December 2001, all of which are incorporated in Great Britain. All of these undertakings are registered in England. All the shares are wholly owned.

The nature of their business, share capital and accounting year end dates are as follows:

Company	Nature of business	Share Capital Ordinary shares of £1 each
Network Vehicles Limited	Dormant	1,000
Dial Vehicle Management Services Limited	Dormant	5,000

12. STOCK

	2001 £'000	2000 £'000
Motor Vehicles	3,677	2,026

13. LEASE RECEIVABLES AND OTHER DEBTORS

	2001	2000
Amounts falling due within one year:	**£'000**	**£'000**
Trade debtors	21,795	10,911
Finance lease receivables	32,166	32,403
Lease purchase receivables	46,216	41,682
Other debtors	8,311	7,567
Prepayments & accrued income	5,475	8,676
	113,963	101,239
Amounts falling due after more than one year:		
Finance lease receivables	19,013	21,856
Lease purchase receivables	28,850	31,225
Deferred tax (note 15)	-	1,813
	47,863	54,894
Total	161,826	156,133

Aggregate rentals received during the year under finance leases was £56,629,000 (2000 - £56,978,000).

14. CALLED UP SHARE CAPITAL AND RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

Called up share capital	2001	2000
	£'000	£'000
Ordinary shares of £1 each: Authorised	222	222
Allotted, called up and fully paid:	222	222

Reconciliation of movement of equity shareholders' funds

	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total £'000
Brought forward at 1 January 2001	222	4,403	20,489	25,114
Profit & loss account	-	-	11,115	11,115
Dividends			(4,600)	(4,600)
Carried forward at 31 December 2001	222	4,403	27,004	31,629

15. PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Other provisions £'000	Total £'000
Brought forward at 1 January 2001	-	4,054	4,054
Opening balance reclassified from debtors (note 13)	(1,813)	-	(1,813)
Released from profit & loss account	2,084	-	2,084
Utilised	-	(1,968)	(1,968)
Carried forward at 31 December 2001	271	2,086	2,357

Other provisions relates to the integration of Dial Contracts Limited within the group and includes redundancy, refurbishment and other project costs which have been charged to administration expenses.
The deferred tax provision relates to accellerated capital allowances. There is no unprovided deferred tax.

16. CREDITORS

Amounts falling due within one year	2001 £'000	2000 £'000
Bank loans and overdrafts:		
Due to other group undertakings		
Other	393	2,002
Trade creditors	1,297	3,224
Other creditors	18,743	7,288
Accruals and deferred income	18,137	22,409
Proposed dividend	4,600	-
Corporation tax	1,925	992
Amounts owed to group undertakings	393,100	412,242
	438,195	448,157
Amounts falling due after one year		
Other creditors	22,019	13,420
Total	460,214	461,577

17. CAPITAL COMMITMENTS

Vehicles

At 31 December 2001 the company had commitments for motor vehicles ordered for future lease agreements but not delivered amounting to £12,679,256 (2000 - £16,183,000).

Leases

The company had annual commitments under operating leases in the year to 31 December 2001 as follows:

	Land and Buildings 2001 £'000	Land and Buildings 2000 £'000
in less than one year	20	-
after 5 years	716	701

Financial instruments

The company had commitments under interest rate swap agreements entered into for the purpose of hedging its lease portfolio against interest rate risk.

18. RETIREMENT BENEFITS

Open scheme

As from June 2000 the company has operated the group's pension scheme, the LeasePlan UK Limited defined contribution scheme in which the assets are held separately from those of the company in an independently administered fund. Contributions payable in repect of the relevant staff are met by LeasePlan UK Limited and included within the group accounts.

Closed schemes

The following are former pension schemes operated by Dial Contracts Limited which are now closed to new staff.

Defined contribution scheme

The Dial Contracts Limited Barclays Mercantile Pension and Life Assurance Scheme is a contributory money purchase scheme in which the assets are held separately from those of the company in an independently administered fund. The scheme was open to Dial staff to 31 May 2000. The pension cost charge for the year represents contributions payable by the company to the pension fund and amounted to £327,800 (2000 - £342,000). Contributions amounting to £nil were payable to the fund at 31 December 2001 and 2000.

18. RETIREMENT BENEFITS, continued

Closed schemes

Defined benefit scheme

The Dial Contracts Limited Retirement Benefits Plan provides benefits based on final pensionable salary. The scheme is funded by the payment of contributions to a separately administered fund, being invested with an insurance company. The scheme applies to eligible Dial staff in previous years. The pension costs are determined by a qualified actuary on the basis of triennial valuations.

The most recent full actuarial valuation of the scheme for SSAP 24 purposes was undertaken by an independent qualified actuary as at 31 May 2001. The main assumptions used in this valuation were:

Rate of increase in salaries		4.25%
Rate of pension increases		2.25%
Investment return -	in deferment & retirement	6.00%
Investment return -	for active member benefits prior to retirement	7.00%

The method of valuation adopted was the market valuation approach, with assets taken at market value and liabilities projected forward allowing for salary growth based on current inflationary expectations and discounted to give a capitalised value using investment returns implied by market conditions.

The market value of the assets in the scheme as at the date of valuation was £8,436,000. The valuation shows a surplus of £813,000 (when comparing assets and past service liabilities) and a funding level of 111%.

The employer's contribution rate over the remaining life of the scheme takes account of the surplus disclosed by the valuation.

The pension charge for the period amounted to £259,000 (2000: £270,000).

Whilst the company continues to account for pensions costs in accordance with SSAP 24 'Accounting for Pensions Costs', under FRS 17 'Retirement Benefits', the following transitional disclosures are required:

The valuation of the scheme has been updated to 31 December 2001 by a qualified independent actuary, pursuant to the provisions and requirements of FRS 17.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cashflow projections over long periods and thus inherently uncertain, were:

	Value at 31/12/2001 £'000	Long term rate of return expected at 31/12/2001
Equities	5,958	8.00%
Bonds	2,476	5.50%
Total market value of assets	8,434	
Actuarial value of liability	8,519	
Scheme deficit	(85)	
Related deferred tax asset	26	
Net pension liability	(59)	

19. CASH FLOW STATEMENT

The company is a subsidiary of another company incorporated in the Netherlands, see note 22, whose consolidated accounts include a cash flow statement and incorporate the cash flows of this Company, which are wholly dependent on the group's overall cash and funding position. In accordance with FRS 1 the directors consider that a cash flow statement is not required.

20. SEGMENTAL INFORMATION

The group's sole activity is the provision of vehicle management services including vehicle acquisition, leasing, fleet management and contract hire and the sole market supplied was the United Kingdom.

21. RELATED PARTY TRANSACTIONS

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with ABN AMRO group as it is a wholly owned subsidiary undertaking of ABN AMRO Holding NV.

22. ULTIMATE HOLDING COMPANY

At 31 December 2001 the directors regarded ABN AMRO Holding NV (a company incorporated in the Netherlands) as being the company's ultimate parent company and Inula Holding UK Ltd (a company incorporated in England and Wales) as the immediate parent company.

The address of Inula Holding UK Ltd from where a copy of the group accounts may be obtained is 165 Bath Road, Slough, Berks SL1 4AA.

The address of ABN AMRO Holding NV from where a copy of the group accounts may be obtained is Gustav Mahlerlaan 10, 1082 PP Amsterdam, Netherlands.