

DIAL CONTRACTS LIMITED
DIRECTORS' REPORT & ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

Company Registration Number : 707749



DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
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DIAL CONTRACTS LIMITED REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

The company operates several labels in niche markets and these enjoy strong positions in their own specific markets. The company remains committed to profitable growth and continues its program of strategic activities to help achieve this objective.

RESULTS AND DIVIDENDS

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

A dividend of £4,000,000 was paid during the year. A final dividend of £200,000 is proposed (2003: proposed £1,000,000).

DIRECTORS

The directors during the year were :

V Daemi
K McNally
J D Boon

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 team briefings, 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)

DIAL CONTRACTS LIMITED
REPORT OF THE DIRECTORS (continued)

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: 16 May 2005

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 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 group'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 2004 and the 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: 16 May 2005

8 Salisbury Square
London EC4Y 8BB

DIAL CONTRACTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
Turnover	2a	137,609	147,771
Cost of sales	4	(109,990)	(109,751)
Gross Profit		27,619	38,020
Administrative expenses		(15,565)	(17,730)
Profit on ordinary activities before taxation	5	12,054	20,290
Taxation	7	(3,651)	(6,991)
Profit on ordinary activities after taxation		8,403	13,299
Dividend	8	(4,200)	(1,000)
Retained profit for the year		4,203	12,299
Retained profit brought forward	13	44,597	32,298
Retained profit carried forward		48,800	44,597

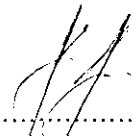
There are no other gains or losses other than those recognised in the profit and loss account.
The results reflect the continuing operations of the business.
The notes on pages 7 to 15 form part of these accounts.

DIAL CONTRACTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £'000	2003 £'000
ASSETS			
Fixed assets			
Tangible assets:			
Leased to customers	9	<u>256,132</u>	<u>275,664</u>
		256,132	275,664
Investments	10	6	6
Current assets			
Stock	11	2,584	2,663
Debtors: Amounts falling due within one year	12	<u>76,637</u>	<u>68,386</u>
Debtors: Amounts falling due after more than one year	12	<u>100,671</u>	<u>90,601</u>
		177,308	158,986
Cash at Bank		368	190
		<u>436,398</u>	<u>437,509</u>
LIABILITIES			
Capital and reserves			
Called-up share capital	13	222	222
Share premium	13	4,403	4,403
Profit and loss account		<u>48,800</u>	<u>44,597</u>
Equity shareholders' funds	13	<u>53,425</u>	<u>49,222</u>
Provision for liabilities and charges	14	2,895	-
Creditors: Amounts falling due within one year	15	369,035	376,735
Creditors: Amounts falling due after one year	15	11,043	11,553
		<u>436,398</u>	<u>437,509</u>

The notes on pages 7 to 15 form part of these accounts.

The accounts were approved by the Board of Directors on 16 May 2005 and signed on its behalf by:



 J D Boon
 Director

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
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 accounts have been prepared in compliance with the Statement of Recommended Accounting Practice issued by the Finance and Leasing Association.

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. For closed calculation contracts the net maintenance income is recognised over the life of the contract using a prudent estimate of the expected maintenance results per vehicle. With open calculation contracts, at the end of the lease term, the net balance is settled with the client in line with their contractual arrangement or taken to the profit and loss account. 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 and the maintenance income expected to arise over the life of the closed calculation contracts, estimations are made in respect of the total contract costs and the net maintenance surplus by vehicle based upon the most recent maintenance experience and projected maintenance prices.

d) Depreciation

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 constantly 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.

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) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES, continued

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 17). 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 17). 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 commitments under interest rate swaps to hedge against exposure to interest rate 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 16).

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 losses on doubtful debts not specifically identified but known, from experience, to exist at the balance sheet date.

l) Commissions

Commissions and similar costs incurred in arranging new contracts are capitalised and charged to the profit and loss account over the estimated average life of these contracts.

Estimation techniques

The estimated average life of these contracts is based on historical data and the average length of the contracts.

m) Initial Costs

Income is recognised up-front to cover the initial costs incurred in arranging new contracts.

Estimation techniques

The income recognised up-front is estimated as the average incremental costs that are associated with arranging contracts.

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

	2004	2003
	£'000	£'000
The aggregate rentals receivable for the year for operating leases	<u>107,290</u>	<u>120,066</u>

All of the group turnover arose in the UK.

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

2. TURNOVER, continued

	2004	2003
	£'000	£'000
c) Assets acquired		
The cost of assets acquired in the year for the purpose of finance leasing and lease purchase contracts was	<u>93,156</u>	<u>84,605</u>

3. STAFF NUMBERS AND COSTS

The staff of the company have contracts with Lease Plan UK Limited and their costs are borne by the group. The gross cost allocated to these staff during the year was £7,716,000 (2003: £6,790,000)

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. Cost of sales for operating leases also includes provisions arising on the permanent impairment in the residual value of an asset.

b) Interest payable

	2004	2003
	£'000	£'000
On bank overdraft and loans repayable within five years: to group undertakings	<u>22,018</u>	<u>24,849</u>

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 ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004	2003
	£'000	£'000
This is stated after charging the following:		
Depreciation of tangible fixed assets leased to customers	76,549	68,978
Amount charged in the year for rental on operating leases	<u>716</u>	<u>707</u>

The audit fees have been met by LeasePlan UK Limited and included within the Inula Holdings UK Limited group accounts.

6. DIRECTORS' EMOLUMENTS

In the year ended 31 December 2004, the directors received no remuneration for their services to the company.

7. TAXATION

	2004	2003
	£'000	£'000
Analysis of charge in the year		
<i>Corporation tax</i>		
Charge at 30% on the profit for the year	(2,229)	(6,681)
Adjustment in respect of prior year	<u>2,745</u>	<u>(3,382)</u>
	516	(10,063)
<i>Deferred tax</i>		
(Charge)/credit arising on timing differences	(1,388)	594
Adjustment in respect of prior year	<u>(2,779)</u>	<u>2,478</u>
	<u>(3,651)</u>	<u>(6,991)</u>
Current tax reconciliation		
Profit on ordinary activities before tax	<u>12,054</u>	<u>20,290</u>
Current tax charge at 30%	(3,616)	(6,087)
Capital allowances for the year in excess of depreciation	1,388	(594)
Adjustment in respect of prior year	<u>2,745</u>	<u>(3,382)</u>
Total current tax credit/(charge)	<u>517</u>	<u>(10,063)</u>

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

8. DIVIDEND

	2004	2003
	£'000	£'000
Dividend paid	4,000	-
Dividend proposed	200	1,000
	<u>4,200</u>	<u>1,000</u>

9. TANGIBLE FIXED ASSETS LEASED TO CUSTOMERS

Operating leases
£'000

Cost:

At 1 January 2004	414,054
Additions	117,651
Disposals	(149,526)
At 31 December 2004	<u>382,179</u>

Depreciation:

At 1 January 2004	138,390
Disposals	(88,892)
Charge for the year	76,549
At 31 December 2004	<u>126,047</u>

Net book value:

At 31 December 2004	<u>256,132</u>
At 31 December 2003	<u>275,664</u>

Included in the depreciation charge for the year above is a charge of £1,818,000 in respect of the residual values of the lease portfolio (2003 - credit of £4,440,000).

Residual value maturity

	2004	2003
	£'000	£'000
The residual value exposure is aged as follows:		
Within one year	81,556	78,311
Within two to five years	120,236	142,436
	<u>201,792</u>	<u>220,747</u>

10. FIXED ASSET INVESTMENTS

Subsidiary
undertakings
£'000

Cost and Net Book Value

At 1 January 2004 & 31 December 2004	<u>6</u>
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Subsidiary undertakings

The company has the following subsidiary undertakings at 31 December 2004, 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	<u>5,000</u>

11. STOCK

	2004	2003
	£'000	£'000
Motor Vehicles	<u>2,584</u>	<u>2,663</u>

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

12. LEASE RECEIVABLES AND OTHER DEBTORS

	2004	2003
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	4,105	8,271
Finance lease receivables	22,502	18,603
Lease purchase receivables	33,135	27,822
Other debtors	13,372	10,621
Prepayments & accrued income	3,523	3,069
	<u>76,637</u>	<u>68,386</u>
Amounts falling due after more than one year:		
Finance lease receivables	47,591	36,156
Lease purchase receivables	53,080	53,173
Deferred tax (note 14)	-	1,272
	<u>100,671</u>	<u>90,601</u>
Total	<u><u>177,308</u></u>	<u><u>158,987</u></u>

Aggregate rentals received during the year under finance leases was £40,304,000 (2003 - £30,541,000).

	2004	2003
	£'000	£'000
Residual value maturity		
The residual value exposure is aged as follows:		
Within one year	9,558	8,685
Within two to five years	26,318	20,908
	<u>35,876</u>	<u>29,592</u>

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

	2004	2003
	£'000	£'000
Called up share capital		
Ordinary shares of £1 each:		
Authorised	<u>222</u>	<u>222</u>
Allotted, called up and fully paid:	<u>222</u>	<u>222</u>

Reconciliation of movement of equity shareholders' funds

	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total £'000
Brought forward at 1 January 2004	222	4,403	44,597	49,222
Profit & loss account	-	-	8,403	8,403
Dividends	-	-	(4,200)	(4,200)
Carried forward at 31 December 2004	<u>222</u>	<u>4,403</u>	<u>48,800</u>	<u>53,425</u>

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
The movement comprises:	
Balance at 1 January 2004	(1,272)
Charge arising on timing differences	1,388
Adjustment to deferred tax charge in respect of prior year	2,779
Balance at 31 December 2004	<u>2,895</u>

	2004	2003
	£'000	£'000
The deferred tax balance comprises:		
Excess of capital allowances over depreciation	2,295	(1,964)
Provisions	(324)	(231)
Other	924	923
Balance at 31 December 2004	<u>2,895</u>	<u>(1,272)</u>

15. CREDITORS

	2004	2003
	£'000	£'000
Amounts falling due within one year		
Trade creditors	2,627	1,003
Other creditors	2,853	3,527
Accruals and deferred income	10,297	14,877
Corporation tax	2,285	14,372
Amounts owed to group undertakings	350,973	342,956
	<u>369,035</u>	<u>376,735</u>
Amounts falling due after one year		
Accruals and deferred income	11,043	11,553
Total	<u>380,078</u>	<u>388,288</u>

16. CAPITAL COMMITMENTS

Vehicles

At 31 December 2004 the company had commitments for motor vehicles ordered for future lease agreements but not delivered amounting to £38,957,000 (2003 - £35,423,000).

Leases

The company had annual commitments under operating leases in the year to 31 December 2004 as follows:

	Land and Buildings 2004 £'000	Land and Buildings 2003 £'000
Leases which expire:		
Within two to five years	609	9
After five years	107	698
	<u>716</u>	<u>707</u>

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.

17. RETIREMENT BENEFITS

Open scheme

The group operates the LeasePlan UK Limited Pension Scheme, a defined contribution scheme in which the assets are held separately from those of the group in an independently administered fund. The pension cost charge for the year and contributions payable to the fund at 31 December 2004 are included in note 20 of the group accounts.

Closed schemes

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

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

17. RETIREMENT BENEFITS, continued

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 £153,751 (2003 - £219,329). Contributions amounting to £19,113 were payable to the fund at 31 December 2004 (2003 - £20,758).

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 was undertaken by an independent qualified actuary as at 31 May 2001. The main assumptions used by the actuary 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 year amounted to £264,000 (2003: £264,000).

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 2004 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.

Financial assumptions used

	31/12/2004	31/12/2003	31/12/2002
Rate of increase in salaries	3.80%	3.80%	4.25%
Rate of pension increases	2.80%	2.80%	2.50%
Discount rate	5.30%	5.40%	5.50%
Inflation assumption	2.80%	2.80%	2.25%

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

17. RETIREMENT BENEFITS, continued

Defined benefit scheme, cont'd

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:

	31/12/2004	31/12/2003	31/12/2002
	£'000	£'000	£'000
Equities Value	8,400	7,462	6,079
Long term rate of return expected	7.50%	7.50%	7.50%
Bonds Value	1,800	1,593	1,343
Total market value of assets	10,200	9,055	7,422
Actuarial value of liability	(13,400)	(11,907)	(10,333)
Scheme deficit	(3,200)	(2,852)	(2,911)
Related deferred tax asset	960	855	873
Net pension liability	(2,240)	(1,997)	(2,038)

Set out below is an analysis of the amounts that would be charged to the profit and loss account and the statement of total recognised gains and losses in respect of the company's defined benefit pension scheme in accordance with the transitional requirements of FRS 17.

Analysis of the amounts that would be charged to profit & loss account in accordance with FRS 17.

	2004	2003
	£'000	£'000
<i>Components of the defined benefit cost</i>		
Current service cost	256	259

As the scheme is closed, under the Projected Unit Method, the current service cost will increase as the members of the scheme approach retirement.

	2004	2003
	£'000	£'000
<i>Other finance costs</i>		
Expected return on assets in the scheme		
Interest on liabilities in the scheme	631	529
Net finance return	(641)	(573)
	(10)	(44)

Analysis of the amounts that would be recognised in the statement of total recognised gains and losses in accordance with FRS 17.

	2004	2003
	£'000	£'000
Actual return less expected return on assets	403	923
Experience gains and losses arising on scheme liabilities	351	-
Changes in demographic and financial assumptions underlying the present values of the liabilities	(1,100)	(825)
Net actuarial (loss)/gain	(346)	98

Movement in net deficit during the year

	2004	2003
	£'000	£'000
Net deficit at 1 January 2004	(2,852)	(2,911)
Movement in the year:		
Current service cost	(256)	(259)
Net finance return	(10)	(44)
Contributions	264	264
Actuarial (loss) / gain	(346)	98
Net deficit at 31 December 2004	(3,200)	(2,852)

DIAL CONTRACTS LIMITED
YEAR ENDED 31 DECEMBER 2004
NOTES TO THE ACCOUNTS

17. RETIREMENT BENEFITS, continued

History of experience gains and losses

	2004	2003
	£'000	£'000
Difference between actual return less expected return on assets	403	923
Percentage of Scheme assets	4.0%	10.2%
Percentage of Scheme liabilities	0.0%	0.0%
Net actuarial (loss) / gain recognised in Statement of total recognised gains and losses	(346)	98
Percentage of Scheme liabilities	2.6%	(0.8%)

Closed schemes

	31/12/2004	31/12/2003
	£'000	£'000
<i>Defined benefit scheme</i>		
<i>Net assets</i>		
Net assets excluding pension liability	53,425	49,222
Pension liability	(2,240)	(1,997)
Net assets including pension liability	<u>51,185</u>	<u>47,225</u>
<i>Reserves</i>		
Profit and loss account excluding pension liability	48,800	44,597
Pension liability	(2,240)	(1,997)
Profit and loss account	<u>46,560</u>	<u>42,600</u>

18. CASH FLOW STATEMENT

The company is a subsidiary of another company incorporated in the Netherlands, see note 21, 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.

19. SEGMENTAL INFORMATION

The company'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.

20. RELATED PARTY TRANSACTIONS

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

In the year ended 31 December 2004, the company received volume rebates from the VW Group in respect of vehicles purchased via independent dealerships amounting to £64,277. The balance outstanding from VW Group at the end of the year in respect of these rebates was £2,593.

21. ULTIMATE HOLDING COMPANY

On 21 April 2004 an agreement was made and exercised on 4 November 2004, whereby the company's ultimate parent company ABN AMRO Holding NV transferred its shareholding in the company's immediate parent company LeasePlan Corporation NV to a consortium consisting of the Volkswagen Group (50%), Olyan Group (25%) and Mubadala Development Company (25%). At 31 December 2004 the directors regarded this consortium as being the company's ultimate parent and the immediate parent company as LeasePlan Corporation NV (a company incorporated in the Netherlands).

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 LeasePlan Corporation NV from where a copy of the group accounts may be obtained is P.J. Oudweg 41, 1314 CJ Almere-Stad, PO Box 1085, 1300 BB Almere-Stad, Netherlands.