

Appleyard Contracts Limited  
Annual report  
for the year ended 31 December 1993

Registered no: 809634



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## **Directors' report for the year ended 31 December 1993**

The directors present their report and the audited financial statements for the year ended 31 December 1993.

### **Principal activities**

The profit and loss account for the year is set out on page 4.

The company commenced to trade on 14 May 1992 when it acquired the trade and assets of a fellow subsidiary undertaking of Appleyard Finance Holdings Limited.

The principal activity of the company is the contract hire and maintenance of motor vehicles.

### **Review of business and future developments**

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Changes in presentation of the financial statements**

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements.

### **Dividends**

The directors do not recommend the payment of a dividend. The profit for the financial year of £2,049,000 will be transferred to reserves.

### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 10 to the financial statements.

### **Directors**

The directors of the company at 31 December 1993, all of whom have been directors for the whole of the year ended on that date except where stated, are listed below:-

M G Williamson

A S Maude

P J Chambers

S D Jackson (resigned 30 September 1993)

J B Halstead (appointed 1 October 1993)

## Directors' interests

According to the register required to be kept by Section 325 of the Companies Act 1985, none of the directors had an interest in the shares of the company or its parent company at any time during the year under review.

## Close company provisions

In the opinion of the directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since 31 December 1993.

## Insurance of directors

Appleyard Group PLC maintains insurance for the company's directors in respect of their duties as directors of the company.

## Statement of directors' responsibilities

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:

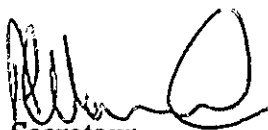
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board



Secretary  
Harrogate

17 March 1994

## **Report of the auditors to the members of Appleyard Contracts Limited**

We have audited the financial statements on pages 4 to 15.

### **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 at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Geoffrey Lybnd*

Chartered Accountants and Registered Auditors  
Leeds

17 March 1994

**Profit and loss account  
for the year ended 31 December 1993**

	Notes	1993 £'000	1992 As restated £'000
Turnover	2	59,878	37,559
Cost of sales		(45,144)	(28,363)
Gross profit		<u>14,734</u>	<u>9,196</u>
Net operating expenses	3	(3,542)	(2,410)
Operating profit		<u>11,192</u>	<u>6,786</u>
Interest payable and similar charges	7	(8,142)	(5,311)
Profit on ordinary activities before taxation	8	<u>3,050</u>	<u>1,475</u>
Taxation on profit on ordinary activities	9	(1,001)	(847)
Profit for the financial year		<u><u>2,049</u></u>	<u><u>628</u></u>

All items dealt with in arriving at operating profit for 1993 and 1992 relate to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

## Balance sheet at 31 December 1993

	Notes	1993 £'000	1992 £'000
<b>Fixed assets</b>			
Tangible assets	10	97,729	90,015
<b>Current assets</b>			
Stocks	11	1,021	1,631
Debtors	12	6,640	8,626
Cash at bank and in hand		1	27
		7,662	10,284
Creditors: amounts falling due within one year	13	(46,253)	(41,210)
Net current liabilities		(38,591)	(30,926)
Total assets less current liabilities		59,138	59,089
Creditors: amounts falling due after more than one year	14	(53,000)	(55,000)
Net assets		6,138	4,089
<b>Capital and reserves</b>			
Called-up share capital	16	3,800	3,800
Profit and loss account	17	2,338	289
		6,138	4,089

The financial statements on pages 4 to 15 were approved by the Board of Directors on 17 March 1994 and were signed on its behalf by:

Director

**Notes to the financial statements  
for the year ended 31 December 1993****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Vehicles on hire	Length of contract
Plant and equipment	10% - 33⅓%

**Finance and operating leases**

Assets held under finance leases are capitalised and depreciated over the period of the lease. The corresponding leasing commitments are shown as obligations to the lessor. The finance costs are charged to the profit and loss account to give a charge in proportion to the reducing capital element outstanding using the sum of digits method.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Stocks of vehicles held for resale**

Stocks of vehicles held for resale are stated at the lower of cost and net realisable value.

**Turnover**

Turnover, which excludes discounts and value added tax, represents rents receivable on hire of vehicles, sales value of other services supplied and the proceeds on disposal of managed vehicles. Vehicle rental income is recognised in equal monthly amounts over the term of each contract.

## Set up costs

At the outset of each vehicle hire contract an amount is included in debtors to cover the estimated net cost of setting up the contract. Such amounts are written off over the life of each contract.

## Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## Pension scheme arrangements

The company participates in group pension arrangements operated by Appleyard Group PLC. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme, after making suitable allowances for future withdrawals.

The company provides no other post retirement benefits to its employees.

## Goodwill

Goodwill arising on acquisition, being the excess of the consideration over the fair value of the separable net assets acquired, is written off immediately to reserves in the period in which it arises.

## Cash flow statement

The company is a wholly owned subsidiary undertaking of Appleyard Finance Holdings Limited and cash flows of the company are included in the consolidated group cash flow statement. Consequently, the company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

## Format of the profit and loss account

The profit and loss account format has been changed from Companies Act 1985 format 2 to format 1, because in the directors' opinion this is more appropriate to the company's activities. Corresponding amounts for the previous year have been restated in accordance with the new format.



## 2 Segmental analysis

In the opinion of the directors all the activities of the company fall into one class of business, namely the contract hire and maintenance of motor vehicles. All activities are conducted in the United Kingdom.

## 3 Net operating expenses

	1993 £'000	1992 £'000
Continuing operations		
Distribution costs	1,072	686
Administrative expenses	2,470	1,724
	<u>3,542</u>	<u>2,410</u>

## 4 Directors' emoluments

	1993 £'000	1992 £'000
Other emoluments (including pension contributions and benefits in kind)	185	132
Compensation for loss of office	19	-
	<u>204</u>	<u>132</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1993 £'000	1992 £'000
The chairman	Nil	Nil
The highest-paid director	95	66

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) within the following ranges was:

	1993 Number	1992 Number
£0 to £5,000	2	2
£15,001 to £20,000	1	-
£35,001 to £40,000	1	-
£45,001 to £50,000	-	1
£65,001 to £70,000	-	1
£95,001 to £100,000	1	-
	<u>5</u>	<u>4</u>

## 5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	1993 Number	1992 Number
By activity		
Hiring of motor vehicles	98	101
	<u>          </u>	<u>          </u>
	1993	1992
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,746	1,060
Social security costs	184	119
Other pension costs (see note 6)	45	22
	<u>          </u>	<u>          </u>
	1,975	1,201
	<u>          </u>	<u>          </u>

## 6 Pension and similar obligations

The company participates in group pension arrangements operated by Appleyard Group PLC and does not have any commitments in respect of unfunded pension obligations. These arrangements involve a defined benefit final salary scheme which is funded at rates advised by independent actuaries on the assumption that investment returns will be 2% per annum higher than pay growth. The pension cost is arrived at in accordance with SSAP 24 using the projected unit method and is determined by the scheme's actuaries on the assumption that annual investment returns will be 2.5% higher than pay growth, 4.5% higher than future dividend growth and 6.5% higher than increases to pensions in payment. The last actuarial valuation of the scheme was carried out as at 5 April 1992 and has been adjusted to take account of the changes to advance corporation tax introduced in the March 1993 Budget. At that date, using the assumptions adopted for SSAP 24, the market value of the assets of the scheme amounted to £23.2 million and the actuarial valuation represented 110% of the value of accrued benefits, allowing for the effect of the changes to advance corporation tax.

There is a charge to the profit and loss account for the year of £45,000 (1992: £22,000). The pension prepayment is included in the balance sheet of Appleyard Group PLC.

**7 Interest payable and similar charges**

	1993 £'000	1992 £'000
On bank loans, overdrafts:		
Repayable within five years by instalments	8,064	5,009
Repayable within five years not by instalments	67	262
	<u>8,131</u>	<u>5,271</u>
On finance leases	11	40
	<u>8,142</u>	<u>5,311</u>

**8 Profit on ordinary activities before taxation**

	1993 £'000	1992 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Provision for maintenance costs no longer required	-	353
Provision for warranty costs no longer required	-	176
Profit on disposal of fleet vehicles	1,474	123
(Loss)/profit on disposal of other tangible fixed assets	(17)	11
	<u></u>	<u></u>
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	32,070	18,270
Tangible fixed assets held under finance leases	193	509
Auditors' remuneration		
- audit services	18	10
- non audit services	13	5
Hire of plant and machinery - operating leases	3	2
Hire of other assets - operating leases	80	50
	<u></u>	<u></u>

**9 Taxation on profit on ordinary activities**

	1993 £'000	1992 £'000
United Kingdom corporation tax at 33% (1992: 33%):		
Current	-	158
Deferred	937	689
Under/(over) provision in respect of prior years:		
Current	(12)	-
Deferred	76	-
	<u>1,001</u>	<u>847</u>

## 10 Tangible fixed assets

	Vehicles on hire	Equipment on lease	Plant equipment and vehicles in service	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 1993	131,376	3,610	1,692	136,678
Additions	55,039	-	177	55,216
Disposals	(34,531)	-	(512)	(35,043)
Reclassification	92	-	(92)	-
<b>At 31 December 1993</b>	<b>151,976</b>	<b>3,610</b>	<b>1,265</b>	<b>156,851</b>
<b>Depreciation</b>				
At 1 January 1993	42,112	3,610	941	46,663
Charge for year	32,066	-	197	32,263
Disposals	(19,675)	-	(129)	(19,804)
Reclassification	(4)	-	4	-
<b>At 31 December 1993</b>	<b>54,499</b>	<b>3,610</b>	<b>1,013</b>	<b>59,122</b>
<b>Net book value</b>				
At 31 December 1993	97,477	-	252	97,729
At 31 December 1992	89,264	-	751	90,015

The net book value of tangible fixed assets includes an amount of £Nil (1992: £603,000) in respect of assets held under finance leases.

## 11 Stocks

	1993 £'000	1992 £'000
Vehicles held for resale	1,021	1,631

## 12 Debtors

	1993 £'000	1992 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	1,974	2,823
Set up costs	172	110
Payments in advance to connected companies	1,352	1,815
Amounts owed by connected company	208	-
Prepayments and accrued income	1,489	1,438
Deferred taxation	1,257	2,270
	6,462	8,456
<b>Amounts falling due after more than one year</b>		
Set up costs	178	170
	6,640	8,626

## 13 Creditors: amounts falling due within one year

	1993 £'000	1992 £'000
Loans	23,000	18,000
Bank overdraft	4,110	3,282
Trade creditors	948	1,688
Corporation tax	150	162
Other taxation and social security costs	1,373	1,241
Obligations under finance leases	-	514
Amounts owed to parent company	5,019	6,165
Accruals and deferred income	11,653	10,158
	<u>46,253</u>	<u>41,210</u>

## 14 Creditors: amounts falling due after more than one year

	1993 £'000	1992 £'000
Loans	<u>53,000</u>	<u>55,000</u>

### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	1993 £'000	1992 £'000
In one year or less	27,110	21,282
Between one and two years	32,000	3,000
Between two and five years	21,000	32,000
	<u>80,110</u>	<u>76,282</u>

The loans described in notes 13 and 14 which bear interest at rates between 7.345% and 12.27% are secured by a fixed charge over the book debts and a floating charge over the assets of the company and its parent company.

## 15 Provisions for liabilities and charges

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	(1,065)	(2,098)	(1,065)	(2,098)
Other	(192)	(172)	(192)	(172)
Deferred taxation included in debtors	1,257	2,270	1,257	2,270
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

The movement during the year on the deferred taxation asset is as follows:

	£'000
At 1 January 1993	2,270
Transferred to profit and loss account	(1,013)
Asset at 31 December 1993	<u>1,257</u>

## 16 Called-up share capital

	1993 £'000	1992 £'000
Authorised, allotted, called up and fully paid 3,800,100 ordinary shares of £1 each	<u>3,800</u>	<u>3,800</u>

## 17 Profit and loss account

	£'000
At 1 January 1993	289
Retained profit for the year	2,049
At 31 December 1993	<u>2,338</u>

## 18 Reconciliation of movements in shareholders' funds

	1993 £'000	1992 £'000
Profit for the financial year	2,049	623
New share capital subscribed	-	3,800
Purchased goodwill written off	-	(339)
Net addition to shareholders' funds	2,049	4,089
Opening shareholders' funds	4,089	-
Closing shareholders' funds	6,138	4,089

## 19 Capital commitments

	1993 £'000	1992 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	4,599	3,948
Capital expenditure that has been authorised by the directors but has not yet been contracted for	175	Nil

## 20 Financial commitments

At 31 December 1993 the company had annual commitments under non-cancellable operating leases as follows:-

	1993		1992	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring between two and five years inclusive	-	3	-	3
Expiring in over five years	80	-	80	-
	80	3	80	3

## 21 Group banking arrangements

The company together with its fellow subsidiary undertakings and parent company, has given unlimited cross guarantees with regard to all amounts owing to Barclays Bank PLC. At 31 December 1993 the aggregate amount outstanding under these group banking arrangements was approximately £80,000,000 (1992: £77,000,000). Two shareholders of the parent company have each guaranteed £4,250,000 of the total amounts owing to Barclays Bank PLC.

## **22 Ultimate parent company**

In the opinion of the directors, the ultimate parent company is Appleyard Finance Holdings Limited, a company registered in England and Wales.

The financial statements of Appleyard Finance Holdings Limited may be obtained from The Secretary, Appleyard Finance Holdings Limited, Manor Street, Sheepscar, Leeds LS7 1PZ.