

EUROFLEET RENTAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 September 1993

82943

CONTENTS

PAGE

General Information

1

Directors' Report

2 - 3

Auditors' Report

4

Profit and Loss Account

5

Balance Sheet

6

Notes to the Accounts

7 - 14



\*AKJ21223\*

A13 RECEIPT DATE: 16/07/94



## GENERAL INFORMATION

### DIRECTORS

HH Montgomery  
TS Blackshaw  
JP Brien (appointed 1 March 1993)

### SECRETARY

TS Blackshaw

### BANKERS

Royal Bank of Scotland  
15 Bridge Street  
STRANRAER  
Scotland  
DG9 7JA

### AUDITORS

Price Waterhouse  
Royston House  
34 Upper Queen Street  
BELFAST  
BT1 6HG

### REGISTERED OFFICE

Thorn Street  
Woodville  
Swadlincote  
DERBYSHIRE  
DE11 7DR

### REGISTERED NUMBER

829413



## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 September 1993.

### RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend in respect of the year ended 30 September 1993 (1992 - £Nil).

### PRINCIPAL ACTIVITIES

The principal activity of the company is the renting of articulated trailers and there has been no significant change therein.

### FIXED ASSETS

The movements in fixed assets are set out in Note 8 to the accounts.

### DIRECTORS

The following directors have held office during the year ended 30 September 1993:

Mr HH Montgomery  
Mr TS Blackshaw  
Mr JP Brien (appointed 1 March 1993)

Mr JP Brien retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

### DIRECTORS' INTERESTS IN SHARES

According to the register required to be kept under Section 325 of the Companies Act 1985, none of the directors of the company at 30 September 1993 have any notifiable interests in the shares of the company. Mr HH Montgomery is a director of the ultimate holding company Ballyvesey Holdings Limited, and his interest in the issued share capital of that company is shown in the accounts of that company.



## DIRECTORS' REPORT (CONTINUED)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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 accounts;
- prepare the accounts 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 accounts 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.

### CLOSE COMPANY

In the opinion of the directors the company is a close company within the provision of the Income and Corporation Taxes Act 1988.

### AUDITORS

A resolution to re-appoint the auditors, Price Waterhouse will be proposed at the Annual General Meeting.

By Order of the Board

*TS Blackshaw*

TS BLACKSHAW

Secretary





## AUDITORS' REPORT TO THE MEMBERS OF EUROFLEET RENTAL LIMITED

We have audited the accounts on pages 5 to 14 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 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Pricewaterhouse*

21 December 1993

Chartered Accountants  
and Registered Auditors

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1993

	Notes	Continuing operations	
		1993	1992
		£	£
TURNOVER	2	3,720,866	3,858,417
COST OF SALES		(2,337,830)	(2,321,336)
GROSS PROFIT		1,383,036	1,537,081
Operating expenses	3	(384,244)	(417,363)
OPERATING PROFIT		998,792	1,119,718
Profit on disposal of fixed assets		39,933	44,587
Net interest payable and similar charges	6	(638,038)	(861,355)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	400,687	302,950
Taxation	7	(16,186)	(84,312)
PROFIT FOR THE FINANCIAL YEAR		<u>384,501</u>	<u>218,638</u>
STATEMENT OF RETAINED PROFITS			
Brought forward		1,144,066	925,428
Profit for year		<u>384,501</u>	<u>218,638</u>
CARRIED FORWARD		<u>1,528,567</u>	<u>1,144,066</u>

The company has no recognised gains and losses other than those included 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.

The profit for the year represents the only movement in shareholders' funds.

The notes on pages 7 to 14 form part of these accounts.



BALANCE SHEET - 30 SEPTEMBER 1993

	Notes	1993	1992
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	7,379,167	<u>8,328,944</u>
<b>CURRENT ASSETS</b>			
Stocks	9	6,185	10,540
Debtors	10	518,695	412,753
Cash in hand		<u>283</u>	<u>230</u>
		525,163	423,523
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(2,962,485)</u>	<u>(3,040,210)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,437,322)</u>	<u>(2,616,687)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,941,845	5,712,257
<b>CREDITORS: amounts falling due after one year</b>	12	<u>(3,313,278)</u>	<u>(4,468,191)</u>
		<u>1,628,567</u>	<u>1,244,066</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100,000	100,000
Profit and loss account		<u>1,528,567</u>	<u>1,144,066</u>
		<u>1,628,567</u>	<u>1,244,066</u>

Approved by the Board on 21 December 1993.

DIRECTOR:

*Harold Montgomery*  
HH Montgomery

The notes on pages 7 to 14 form part of these accounts.



## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993

### 1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company, which have been applied consistently, are as follows:

#### (a) Tangible fixed assets

Non-refrigerated trailers are depreciated over a period of 12 years to a residual value of the greater of 10% of cost or £1,000. Refrigerated trailers are depreciated over a period of 10 years to a 10% residual value.

Plant and equipment is depreciated on a straight line basis at rates between 7 1/2% and 25% after taking account of expected residual values. Other annual rates of depreciation used are:

Motor vehicles	- 25%
Fixtures and fittings	- 10% to 20%
Computer software	- 33 1/3%

#### (b) Stocks and work in progress

Stocks of consumable parts are stated at the lower of cost and net realisable value.

#### (c) Finance leases and hire purchase contracts

Certain items of plant and equipment are financed by leasing agreement that give rights approximating to ownership ("finance leases"). These are included in the balance sheet as fixed assets at cost less depreciation and the capital element of future rentals is treated as a liability. The interest element is charged to profit and loss account over the period of the finance lease in proportion to the balance of capital repayments outstanding. Assets held under hire purchase contracts are accounted for on a basis similar to that adopted for finance leases and are included in the balance sheet under that heading.

#### (d) Deferred taxation

Deferred taxation is provided on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, to the extent it is probable that a liability will crystallise in the foreseeable future.





# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

## 1 ACCOUNTING POLICIES (CONTINUED)

### (e) Repairs and maintenance of vehicles

Costs of repairs and maintenance of vehicles including tyres are charged to revenue as incurred.

### (f) Pension costs

For pensions which are to be met from externally funded defined benefit schemes, costs are accounted for on the basis of charging the pensions cost over the period during which the company will benefit from the employee's services.

## 2 TURNOVER

Turnover, all of which was within the United Kingdom, represents the invoiced amount of goods and services during the year, stated net of trade discounts and value added tax, including intercompany sales which are at normal commercial prices.

3 OPERATING EXPENSES	<u>1993</u>	<u>1992</u>
	£	£
Distribution costs	246,822	250,323
Administrative expenses	<u>137,422</u>	<u>167,040</u>
	<u>384,244</u>	<u>417,363</u>

## 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1993</u>	<u>1992</u>
Profit on ordinary activities before taxation is stated after charging:	£	£
Directors remuneration for management, including pension contributions	37,998	11,000
Depreciation of tangible fixed assets - owned	248,431	202,120
- leased	866,418	961,575
Auditors' remuneration	4,800	4,800
Hire of plant and machinery	579,923	563,338
Bank interest payable	78,200	104,812
Hire purchase and finance lease interest	518,177	683,923
Bank interest paid on loans repayable after more than five years	<u>41,661</u>	<u>72,620</u>



# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

## 5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1993</u>	<u>1992</u>
	£	£
(a) Particulars of the remuneration of directors, excluding pension contributions:		
Emoluments of the chairman	-	-
Emoluments of the highest paid director	<u>24,275</u>	<u>11,000</u>
Number of other directors whose remuneration was within the ranges:	Number	Number
£10,001 - £15,000	<u>1</u>	<u>-</u>
	£	£
(b) Employment costs of all employees including executive directors:		
Gross wages and salaries	227,809	256,736
Employer's national insurance	23,725	21,103
Employer's pension contribution under groups pension scheme	<u>7,529</u>	<u>7,931</u>
	<u>259,063</u>	<u>285,770</u>
(c) The average number of persons, including executive directors, employed by the company during the year is analysed below:	Number	Number
Staff	11	11
Manual workers	<u>2</u>	<u>5</u>
	<u>13</u>	<u>16</u>

## 6 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1993</u>	<u>1992</u>
	£	£
Interest payable:		
Finance leases and hire purchase agreements	518,177	683,923
Bank interest	<u>119,861</u>	<u>177,432</u>
	<u>638,038</u>	<u>861,355</u>



# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

7	TAXATION	1993	1992
		£	£
	Group relief	12,509	79,619
	Corporation tax - current year	<u>3,677</u>	<u>4,693</u>
		<u>16,186</u>	<u>84,312</u>

The charge does not bear a normal relationship to the profit for the year due to the incidence of timing differences for which deferred taxation is not accounted.

8	TANGIBLE FIXED ASSETS	Freehold land	Plant	Total
		£	£	£
	<u>Cost</u>			
	At 30 September 1992	812,467	11,634,254	12,446,721
	Additions	-	514,625	514,625
	Disposals	-	<u>(1,067,517)</u>	<u>(1,067,517)</u>
	At 30 September 1993	<u>812,467</u>	<u>11,081,362</u>	<u>11,893,829</u>
	<u>Depreciation</u>			
	At 30 September 1992	-	4,117,777	4,117,777
	Disposals	-	(717,964)	(717,964)
	Charge for year	-	<u>1,114,849</u>	<u>1,114,849</u>
	At 30 September 1993	-	<u>4,514,662</u>	<u>4,514,662</u>
	<u>Net book value</u>			
	Owned	812,467	1,448,878	2,261,345
	Leased	-	<u>5,117,822</u>	<u>5,117,822</u>
	At 30 September 1993	<u>812,467</u>	<u>6,566,700</u>	<u>7,379,167</u>
	Owned	812,467	1,215,600	2,023,067
	Leased	-	<u>6,300,877</u>	<u>6,300,877</u>
	At 30 September 1992	<u>812,467</u>	<u>7,516,477</u>	<u>8,328,944</u>



# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

## 9 STOCKS

	<u>1993</u>	<u>1992</u>
	£	£
Raw materials and consumables	<u>6,185</u>	<u>10,540</u>

The replacement cost of stock does not differ materially from the balance sheet amount.

## 10 DEBTORS

	<u>1993</u>	<u>1992</u>
	£	£
Trade debtors	496,182	385,860
Amounts owed by group undertakings	8,152	22,308
Prepayments and accrued income	<u>14,361</u>	<u>4,585</u>
	<u>518,695</u>	<u>412,753</u>

## 11 CREDITORS: amounts falling due within one year

	<u>1993</u>	<u>1992</u>
	£	£
Term loan (Note 13)	50,000	50,000
Bank overdraft	1,191,881	1,039,380
Obligations under finance leases and hire purchase contracts (Note 14)	1,333,483	1,500,083
Trade creditors	251,229	176,644
Amounts owed to group undertakings	53,078	98,714
Accruals	66,701	89,561
Group relief payable	12,207	79,619
Corporation tax	3,906	4,693
Other taxes and social security	-	<u>1,516</u>
	<u>2,962,485</u>	<u>3,040,210</u>

As security for the bank overdraft and loan the Royal Bank of Scotland have a full mortgage debenture over the undertaking and assets of the company.

Forward Trust Limited and United Dominions Trust Limited have a charge over all assets which are the subject of hiring agreements between themselves and Eurolleet Rentals Limited.



# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

## 12 CREDITORS: amounts falling due after one year

	<u>1993</u>	<u>1992</u>
	£	£
Term loan	387,500	437,500
Obligations under finance leases and hire purchase contracts (Note 14)	<u>2,925,778</u>	<u>4,030,691</u>
	<u>3,313,278</u>	<u>4,468,191</u>

## 13 BANK LOAN

	<u>1993</u>	<u>1992</u>
	£	£
Amounts repayable:		
Within one year	50,000	50,000
Between two to five years	200,000	200,000
After five years	<u>187,500</u>	<u>237,500</u>
	<u>437,500</u>	<u>487,500</u>

The bank loan is repayable in quarterly instalments of £12,500 and bears interest at a rate of 8.25%.

## 14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	Capital element		Future finance charges		Total future rentals	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£	£	£	£	£	£
Repayments are due:						
Over five years	-	135,676	-	4,238	-	139,914
Second to fifth year inclusive	<u>2,925,778</u>	<u>3,895,015</u>	<u>425,913</u>	<u>791,844</u>	<u>3,351,691</u>	<u>4,686,859</u>
	2,925,778	4,030,691	425,913	796,082	3,351,691	4,826,773
Within one year	<u>1,333,483</u>	<u>1,500,083</u>	<u>397,326</u>	<u>548,316</u>	<u>1,730,809</u>	<u>2,048,399</u>
	<u>4,259,261</u>	<u>5,530,774</u>	<u>823,239</u>	<u>1,344,398</u>	<u>5,082,500</u>	<u>6,875,172</u>



# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

## 15 DEFERRED TAXATION

	<u>1993</u>	<u>1992</u>
	£	£
The potential amount of deferred taxation calculated on the liability method at 33%:		
Accelerated depreciation	<u>755,151</u>	<u>648,815</u>

No deferred taxation has been provided in these accounts on the basis that sufficient assets will be acquired in future years so that potential timing differences will not reverse in the foreseeable future.

## 16 CALLED UP SHARE CAPITAL

	<u>1993</u>	<u>1992</u>
	£	£
Authorised, allotted and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

## 17 CAPITAL COMMITMENTS

	<u>1993</u>	<u>1992</u>
	£	£
Capital expenditure contracted for and approved by the board and not provided in the accounts	<u>-</u>	<u>-</u>

## 18 OPERATING LEASE COMMITMENTS

	<u>1993</u>	<u>1992</u>
	£	£
Commitments under operating leases expire:		
Within one year	59,245	-
In the second to fifth year	359,630	376,513
After more than five years	<u>134,723</u>	<u>177,085</u>
	<u>553,598</u>	<u>553,598</u>



## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (CONTINUED)

### 19 PENSION SCHEME

The company is a member of a group pension scheme which is of the defined benefit type. Details of the group scheme are disclosed in the accounts of JE Coulter Limited, a fellow subsidiary. Amounts paid by the company to the scheme during the year were £7,529 (1992 - £7,931).

### 20 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 1993 (1992 - Nil).

### 21 GUARANTEES

The company has entered into cross guarantees with other members of the Ballyvesey Holdings Limited Group to secure their bank overdrafts.

### 22 ULTIMATE HOLDING COMPANY

Ballyvesey Holdings Limited, a company incorporated in the United Kingdom, is the ultimate holding company.

