

**EUROFLEET RENTAL LIMITED**

**ABBREVIATED ACCOUNTS**

**30 September 1999**



**REGISTERED NUMBER**

**829413**

## GENERAL INFORMATION

### DIRECTORS

HH Montgomery  
JP Brien  
RJW McClelland

### SECRETARY

JC Stubbs

### REGISTERED OFFICE

Thorn Street  
Woodville  
Swadlincote  
DERBYSHIRE  
DE11 7DR

### BANKERS

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

### AUDITORS

PricewaterhouseCoopers  
Fanum House  
108 Great Victoria Street  
BELFAST  
BT2 7AX

### REGISTERED NUMBER

829413

## DIRECTORS' REPORT

The directors submit their report and audited accounts for the year ended 30 September 1999.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the renting of articulated trailers.

### RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 5. An interim dividend of £170,000 (1998 - nil) was paid during the year. The directors do not recommend the payment of a final dividend.

### DIRECTORS

The following directors have held office during the year ended 30 September 1999.

Mr HH Montgomery  
Mr JP Brien  
Mr RJW McClelland

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

### DIRECTORS' INTERESTS

There are no directors' share interests requiring disclosure.

### DISABLED EMPLOYEES

In dealing with applications for employment from the disabled or where individuals became disabled whilst in the company's employment, every reasonable effort is made to provide opportunities for them, having regard to the ability of the individuals concerned, and to provide training and other appropriate facilities.

### 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.

## DIRECTORS' REPORT (CONTINUED)

### AUDITORS

PricewaterhouseCoopers have offered to act as auditors for the ensuing year and a decision will be made at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'RJW McClelland', followed by a period.

RJW McClelland  
Director

small - 5/5

medium - NO T/C and cost of sel.

large - full -

## AUDITORS' REPORT TO EUROFLEET RENTAL LIMITED UNDER ARTICLE 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 14, together with the accounts of the company for the year ended 30 September 1999 prepared under Section 226 of the Companies Act 1985.

### Respective responsibilities of directors and auditors

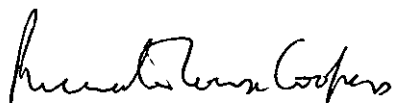
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A (3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

### Basis of opinion

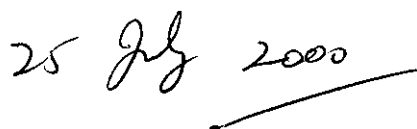
We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

### Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246A (3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 14 are properly prepared in accordance with those provisions.



Chartered Accountants  
and Registered Auditors



Belfast  
Date

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	<u>Notes</u>	<b>Continuing operations</b>	
		<u>1999</u>	<u>1998</u>
		£	£
<b>GROSS PROFIT</b>		1,018,626	1,475,403
Operating expenses	3	<u>(504,787)</u>	<u>(534,134)</u>
<b>OPERATING PROFIT</b>		513,839	941,269
Profit on disposal of fixed assets		13,426	40,742
Interest payable and similar charges		<u>(498,211)</u>	<u>(571,922)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	29,054	410,089
Taxation credit/(charges)	5	<u>85,910</u>	<u>(44,340)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		114,964	365,749
Dividends	6	<u>(170,000)</u>	<u>-</u>
<b>RETAINED (LOSS)/ PROFIT FOR THE FINANCIAL YEAR</b>	16	<u><u>(55,036)</u></u>	<u><u>365,749</u></u>

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

The company has no recognised gains or losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

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

# BALANCE SHEET - 30 SEPTEMBER 1999

	Notes	<u>1999</u>	<u>1998</u>
<b>FIXED ASSETS</b>		£	£
Tangible assets	7	<u>9,761,820</u>	<u>9,900,276</u>
<b>CURRENT ASSETS</b>			
Stocks	8	4,430	4,512
Debtors	9	702,416	651,822
Cash in hand		890	29,851
		<u>707,736</u>	<u>686,185</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(2,573,719)</u>	<u>(2,235,613)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,865,983)</u>	<u>(1,549,428)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,895,837	8,350,848
<b>CREDITORS: amounts falling due after one year</b>	11	<u>(4,459,889)</u>	<u>(4,859,864)</u>
		<u><u>3,435,948</u></u>	<u><u>3,490,984</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	100,000	100,000
Revaluation reserve	16	12,533	12,533
Profit and loss account	16	3,323,415	3,378,451
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17	<u><u>3,435,948</u></u>	<u><u>3,490,984</u></u>

These abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

DIRECTOR:   
HH Montgomery

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



## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999

### 1 ACCOUNTING POLICIES

#### (a) Accounting convention

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

#### (b) Depreciation

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%

In addition, a further £ 84,000 was written off the value of tandem axle equipment as the changes in legislation led to consequent exceptional changes in market value.

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

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

#### (d) 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.

Rentals payable under operating leases are accounted for on a straight line basis over the lease term

#### (e) 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.

#### (f) Repairs and maintenance of vehicles

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

#### (g) 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.

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

### 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>1999</u>	<u>1998</u>
	£	£
Distribution costs	307,471	344,753
Administrative expenses	<u>197,316</u>	<u>189,381</u>
	<u>504,787</u>	<u>534,134</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1999</u>	<u>1998</u>
Profit on ordinary activities before taxation is stated after charging/(crediting):	£	£
Depreciation of tangible fixed assets		
- owned	528,890	784,153
- leased	816,636	485,049
Auditors' remuneration - audit services	5,760	3,540
- non audit services	2,970	3,620
Interest payable on bank loans and overdrafts	11,117	63,124
Hire purchase and finance lease interest	471,262	498,238
Interest payable to group undertakings	<u>15,832</u>	<u>10,560</u>

5 TAXATION (CHARGES)/CREDIT	<u>1999</u>	<u>1998</u>
	£	£
Corporation tax	-	(44,837)
Group relief - Current Year	95,114	-
Corporation tax - Prior year	<u>(9,204)</u>	<u>497</u>
	<u>85,910</u>	<u>(44,340)</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.

6 DIVIDENDS	<u>1999</u>	<u>1998</u>
Equity dividends on ordinary shares paid	<u>170,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

7	TANGIBLE FIXED ASSETS	Freehold land	Plant	Total
	<u>Cost or valuation</u>	£	£	£
	At 30 September 1998	825,000	15,365,275	16,190,275
	Additions	-	1,292,373	1,292,373
	Disposals	-	(697,328)	(697,328)
	At 30 September 1999	<u>825,000</u>	<u>15,960,320</u>	<u>16,785,320</u>
	At valuation - 1996	825,000	-	825,000
	At cost	-	<u>15,960,320</u>	<u>15,960,320</u>
		<u>825,000</u>	<u>15,960,320</u>	<u>16,785,320</u>
	<u>Depreciation</u>			
	At 30 September 1998	-	6,289,999	6,289,999
	Charge for year	-	1,345,526	1,345,526
	Disposals	-	(612,025)	(612,025)
	At 30 September 1999	-	<u>7,023,500</u>	<u>7,023,500</u>
	At 30 September 1999	<u>825,000</u>	<u>8,936,820</u>	<u>9,761,820</u>
	At 30 September 1998	<u>825,000</u>	<u>9,075,276</u>	<u>9,900,276</u>
			<u>1999</u>	<u>1998</u>
	On a historical cost basis freehold land	£		£
	would have been stated at the following amount:			
	Cost		<u>812,467</u>	<u>812,467</u>

The net book value of tangible fixed assets include £7,322,742 (1998: £7,434,969) in respect of assets held under finance lease and hire purchase agreements.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

8 STOCKS

	<u>1999</u>	<u>1998</u>
	£	£
Raw materials and consumables	<u>4,430</u>	<u>4,512</u>

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

9 DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Group relief recoverable	95,114	-
Trade debtors	541,521	578,642
Amounts owed by group undertakings	18,798	17,954
Prepayments and accrued income	<u>46,983</u>	<u>55,226</u>
	<u>702,416</u>	<u>651,822</u>

10 CREDITORS: amounts falling due within one year

	<u>1999</u>	<u>1998</u>
	£	£
Term loan (Note 12)	50,000	50,000
Bank overdraft	455,902	-
Trade creditors	315,757	279,087
Amounts owed to group undertakings	70,509	129,899
Other taxation and social security	40,768	73,740
Accruals	44,225	79,762
Corporation tax	-	44,837
Obligations under finance leases and hire purchase contracts (Note 13)	<u>1,596,558</u>	<u>1,578,288</u>
	<u>2,573,719</u>	<u>2,235,613</u>

As security for any bank overdraft which may arise on the bank loan, the Royal Bank of Scotland plc holds a full mortgage debenture over the assets of the company. The company has also entered into an unlimited intercompany cross guarantee with other members of the Ballyvesey Holdings Limited group.

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

# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

## 11 CREDITORS: amounts falling due after one year

	<u>1999</u>	<u>1998</u>
	£	£
Term loan (Note 12)	75,000	125,000
Obligations under finance leases and hire purchase contracts (Note 13)	<u>4,384,889</u>	<u>4,734,864</u>
	<u>4,459,889</u>	<u>4,859,864</u>

## 12 BANK LOAN

	<u>1999</u>	<u>1998</u>
	£	£
Amounts repayable:		
Within one year	50,000	50,000
Between one and two years	50,000	50,000
Between two and five years	<u>25,000</u>	<u>75,000</u>
	<u>125,000</u>	<u>175,000</u>

## 13 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	Capital element		Future finance charges		Total future rentals	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£	£	£
Repayments are due:						
Over five years	158,974	441,145	528	8,931	159,502	450,076
Second to fifth year inclusive	<u>4,225,915</u>	<u>4,293,719</u>	<u>335,098</u>	<u>492,297</u>	<u>4,561,013</u>	<u>4,786,016</u>
	4,384,889	4,734,864	335,626	501,228	4,720,515	5,236,092
Within one year	<u>1,596,558</u>	<u>1,578,288</u>	<u>276,616</u>	<u>356,869</u>	<u>1,873,174</u>	<u>1,935,157</u>
	<u>5,981,447</u>	<u>6,313,152</u>	<u>612,242</u>	<u>858,097</u>	<u>6,593,689</u>	<u>7,171,249</u>

## 14 DEFERRED TAXATION

	<u>1999</u>	<u>1998</u>
	£	£
The potential amount of deferred taxation calculated on the liability method:		
Accelerated depreciation	<u>1,179,859</u>	<u>971,311</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.

# NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

## 15 CALLED UP SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£	£
Authorised, allotted and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

## 16 RESERVES

	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	£	£
Balance at 30 September 1998	12,533	3,378,451
Loss for year		<u>(55,036)</u>
Balance at 30 September 1999	<u>12,533</u>	<u>3,323,415</u>

The revaluation reserve arises from the revaluation of freehold land and buildings on 30 September 1996.

No provision has been made for any tax liability that would arise if these assets were disposed of at their revalued amount.

## 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1999</u>	<u>1998</u>
	£	£
Profit for the year	114,964	365,749
Dividends	<u>(170,000)</u>	<u>-</u>
Net movement in shareholders' funds	(55,036)	365,749
Opening shareholders' funds	<u>3,490,984</u>	<u>3,125,235</u>
Closing shareholders' funds	<u>3,435,948</u>	<u>3,490,984</u>

## 18 EMPLOYEES

	<u>1999</u>	<u>1998</u>
	£	£
Employment costs of all employees including executive directors:		
Gross wages and salaries	252,468	274,093
Social security costs	<u>24,354</u>	<u>24,602</u>
	<u>276,822</u>	<u>298,695</u>

The average number of persons, including  
executive directors, employed by the  
company during the year:

<b>Number</b>	<b>Number</b>
Staff	<u>14</u>

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

### 19 OPERATING LEASE COMMITMENTS

At 30 September 1999 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1999</u>	<u>1998</u>
	£	£
Commitments under operating leases expiring:		
Within one year	144,233	-
In the second to fifth year	<u>34,655</u>	<u>183,207</u>
	<u>178,888</u>	<u>183,207</u>

### 20 DIRECTORS' EMOLUMENTS

	<u>1999</u>	<u>1998</u>
	£	£
Particulars of the remuneration of directors	<u>56,686</u>	<u>61,150</u>

The number of executive directors in respect of whom contributions are made to a defined benefit pension scheme is one (1998 – one).

### 21 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 Ballyvesey Holdings Limited, the ultimate holding company. Contributions are based on pension costs across the Group as a whole.

### 22 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 1999 (1998 - £Nil).

### 23 CASH FLOW STATEMENT

No cash flow statement has been prepared as required by FRS1 as the company is a wholly owned subsidiary of a UK parent company which prepares a group cash flow statement.

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1999 (CONTINUED)

### 24 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption given in Financial Reporting Standard 8. This exemption permits non-disclosure of related party transactions where 90% or more of the voting rights of a subsidiary company are controlled within the group, provided that the consolidated financial statements in which the subsidiary is included are publicly available.

### 25 ULTIMATE PARENT COMPANY

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