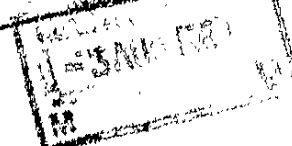


EUROFLEET RENTAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 September 1983



1. GENERAL INFORMATION

GENERAL INFORMATION

DIRECTORS

Mr TS Blackshaw  
Mr N Mellors (resigned - 1 March 1988)  
Mr GP McDougall (resigned - 31 March 1988)  
Mr DS Kenyon (appointed - 1 March 1988)  
Mr MH Montgomery (appointed - 1 March 1988)  
Mr RJW McClelland (appointed - 1 March 1988)

SECRETARY

RJW McClelland

BANKERS

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

AUDITORS

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

## CONSOLIDATED FINANCIAL STATEMENTS

### DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 September 1988.

### 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 a dividend in respect of the year ended 30 September 1988 (1987 - £851,000).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

### FIXED ASSETS

The movements in fixed assets are set out in Note 9 to the accounts.

### DIRECTORS

The following directors have held office during the whole of the year ended 30 September 1988 (except where stated).

Mr TS Blackshaw  
Mr H Mellors (resigned - 1 March 1988)  
Mr GP McDougall (resigned - 31 March 1988)  
Mr DS Kenyon (appointed - 1 March 1988)  
Mr HH Montgomery (appointed - 1 March 1988)  
Mr RJW McClelland (appointed - 1 March 1988)

Mr Blackshaw retires in accordance with the Articles of Association and, being eligible, offers himself for re-election. Mr HH Montgomery, Mr RJW McClelland and Mr DS Kenyon are required to offer themselves for re-election at the Annual General Meeting.

### 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 1988 have any notifiable interests in the shares of the company. Mr HH Montgomery and Mr RJW McClelland are directors of the ultimate holding company Ballyvesey Holdings Limited, and their interests in the issued share capital of the company are shown in the accounts of that company.

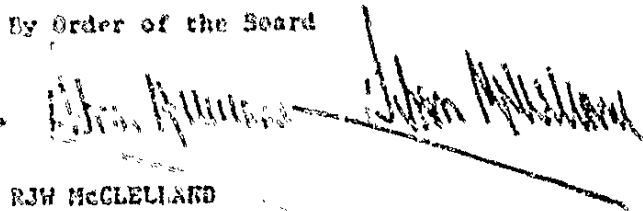
REPORT OF THE AUDITORS

In the opinion of the directors the company is a close company within the meaning of Section 282 of the Income and Corporation Taxes Act 1970.

AUDITORS

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

By Order of the Board

  
R. J. W. McCLELLAND

Secretary

Woodville  
25 November 1988

*Pricewaterhouse*

AUDITORS' REPORT TO THE MEMBERS OF  
EUROFLEET RENTAL LIMITED

We have audited the accounts on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of affairs of the company at 30 September 1988 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Pricewaterhouse*  
Chartered Accountants

25 November 1988

INTERCONTINENTAL LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 1988

	Notes	1988	1987
		£	£
TURNOVER	2	2,049,900	1,708,190
COST OF SALES		1,122,836	967,289
GROSS PROFIT		927,064	721,109
Operating expenses	3	226,238	212,339
OPERATING PROFIT		700,826	508,774
Net interest payable and similar charges	7	371,722	258,272
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		329,104	250,499
Exceptional items	4	309,400	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	638,504	250,499
Taxation	8	77,163	7,122
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		561,341	243,366
Dividends		—	(1821,000)
PROFIT/(LOSS) FOR THE YEAR		561,341	(1607,634)

STATEMENT OF RETAINED PROFITS

As previously reported	694	
Prior year adjustment	25,952	
As restated	26,646	634,280
Profit/(loss) for the year	561,341	(1607,634)
CARRIED FORWARD	587,987	26,646

The prior year adjustment reflects the change in accounting policy for operating leased assets as explained in Note 9(a).

The notes on pages 8 to 14 form part of these accounts.

FINANCIAL STATEMENTS

PARANET GROUP - 30 SEPTEMBER 1988

	Notes	1988	1987
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	5,044,577	4,932,401
<b>CURRENT ASSETS</b>			
Stocks	10	3,854	4,644
Debtors	11	381,253	312,125
Cash in hand		<u>72</u>	<u>34</u>
		385,179	316,793
CREDITORS: amounts falling due within one year	12	2,428,156	2,531,671
<b>NET CURRENT LIABILITIES</b>		<b>(2,042,977)</b>	<b>(2,214,878)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,001,600</b>	<b>2,717,523</b>
CREDITORS: amounts falling due after one year	13	(2,112,613)	(2,520,877)
		<u>487,987</u>	<u>126,644</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100,000	100,000
Profit and loss account		<u>587,987</u>	<u>26,644</u>
		<u>687,987</u>	<u>126,644</u>

Approved by the Board on 25 November 1988.

DIRECTORS:

*Harold Montgomery*  
 H. Montgomery  
*Harold Montgomery*

*R. W. McClelland*  
 R. W. McClelland  
*R. W. McClelland*

The notes on pages 8 to 14 form part of these accounts.

STATEMENT OF INCREASE/DECREASE

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30 SEPTEMBER 1988

	1988	1987
<b>SOURCE OF FUNDS</b>	£	£
Profit on ordinary activities before taxation	638,504	359,499
Adjustment for items not involving the movement of funds:		
Depreciation	353,711	626,469
Profit on sale of tangible fixed assets	(18,454)	(12,229)
	<u>312,257</u>	<u>589,440</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>	<b>953,761</b>	<b>839,939</b>
<b>FUNDS FROM OTHER SOURCES</b>		
Sales proceeds of tangible fixed assets	136,169	129,622
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,089,930</b>	<b>419,203</b>
<b>APPLICATION OF FUNDS</b>		
Purchase of tangible fixed assets	(563,602)	(2,054,489)
Dividend paid	(651,880)	-
Tax paid	(17,133)	-
<b>TOTAL NET APPLICATION OF FUNDS</b>	<b>(1,232,615)</b>	<b>(1,934,867)</b>
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
(Decrease) in stocks	(296)	(903)
Increase in debtors	69,128	105,499
Decrease/(increase) in creditors	529,479	(1,227,768)
	<u>908,108</u>	<u>(1,123,172)</u>
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
Cash at bank and in hand	48	(3)
Bank overdraft	(1,220,461)	27,289
	<u>(1,220,413)</u>	<u>27,286</u>
	<u>(1,232,615)</u>	<u>(1,934,867)</u>



BRACEGILL RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988

1 ACCOUNTING POLICIES

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

(a) Tangible fixed assets

During 1988 the company revised the period over which it charges depreciation on non-refrigerated trailers, prior to 1988 these assets were depreciated on a straight line basis over period of 10 years to a 10% residual value.

This policy has been revised to depreciate non-refrigerated trailers over a period of 12 years with a residual value of the greater of 10% of £1,000.

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% - 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 approximately 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.

## NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

(d) Deferred taxation

(c) Repairs and maintenance of vehicles

## 2 TURNOVER

### 3 OPERATING EXPENSES

OPERATING EXPENSES	1988	1987
	£	£
Distribution costs	156,567	132,404
Administrative expenses	108,125	116,960
Profit on disposal of fixed assets	(28,454)	(27,029)
	<u>236,238</u>	<u>212,335</u>

#### 4 EXCEPTIONAL ITEMS

Owned assets	74,093
Leased assets	224,202

Leased assets

Leased assets	22,302
---------------	--------

NEW TRUST INVESTMENT LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1988	1987
Profit on ordinary activities before taxation is stated after charging:	£	£
Directors' remuneration for management, including pension contributions	17,510	8,000
Depreciation of tangible fixed assets - Owned	39,961	46,791
- Leased	623,150	572,678
Auditors' remuneration	2,000	3,600
Hire of plant and machinery	<u>835</u>	<u>820</u>

6 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1988	1987
(a) Particulars of the remuneration of directors, excluding pension contributions:	£	£
Emoluments of the chairman	-	3,500
Emoluments of the highest paid director	<u>8,865</u>	<u>4,500</u>

Number of other directors whose remuneration was within the ranges:  
£Nil - £5,000

Number	Number
<u>2</u>	<u>1</u>

(b) Employment costs of all employees including executive directors:  
Gross wages and salaries  
Employer's national insurance

£	£
142,606	129,270
<u>11,873</u>	<u>9,472</u>
<u>154,479</u>	<u>138,742</u>

(c) The average number of persons, including executive directors, employed by the company during the year is analysed below:  
Staff  
Manual workers

Number	Number
9	9
<u>7</u>	<u>7</u>
<u>16</u>	<u>16</u>

7 NET INTEREST PAYABLE AND SIMILAR CHARGES

	1988	1987
Interest payable:	£	£
Finance leases and hire purchase agreements	339,950	224,707
Interest payable to group companies	<u>9,650</u>	<u>34,866</u>
	349,604	259,573
Bank interest payable/(receivable)	<u>28,118</u>	<u>(1,292)</u>
	<u>377,722</u>	<u>258,281</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

8	TAXATION	1988	1987
		£	£
	Group relief payment	-	7,133
	Corporation tax	77,163	-
		77,163	7,133

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

9	TANGIBLE FIXED ASSETS	Plant	Leasehold land and buildings	Total
		£	£	£
	<u>Cost</u>			
	At 30 September 1987	5,490,016	30,795	5,520,811
	Adjustment to opening balance	1,097,679	-	1,097,679
	New opening balance	7,397,695	30,795	7,428,490
	Additions	563,602	-	563,602
	Intergroup transfers	(7,100)	-	(7,100)
	Disposals	(329,890)	-	(329,890)
	At 30 September 1988	7,624,107	30,795	7,654,902
	<u>Depreciation</u>			
	At 30 September 1987	2,410,731	30,795	2,449,526
	Adjustment to opening balance	46,563	-	46,563
	New opening balance	2,465,294	30,795	2,496,089
	Intergroup transfers	(3,959)	-	(3,959)
	Disposals	(235,316)	-	(235,316)
	Charge for year	353,711	-	353,711
	At 30 September 1988	2,579,722	30,795	2,610,517
	<u>Net book value</u>			
	At 30 September 1988	5,044,385	-	5,044,385
	Owned	222,688	-	222,688
	Leased	4,821,697	-	4,821,697
	At 30 September 1987	4,932,401	-	4,932,401
	Owned	118,254	-	118,254
	Leased	4,814,147	-	4,814,147

## ENTRIES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

(a) During the year under review the accounting treatment of assets previously classified as held under operating leases was revised. The detailed structure of these leases give rights approximating to ownership and therefore the assets held under these leases are now treated in accordance with SSAP21.

- The effect of this policy on the year's result has been to reduce the amount of depreciation charged in the 1988 profit and loss account by £363,335.

<b>1988</b>	<b>1987</b>
-------------	-------------

2 3

Raw materials and consumables

3.854                      4.644

## 1968 1993

£ £

Amounts falling due within one year:

370,928      200,835

Trade debtors

Amounts owed by group companies:

Holding company and fellow subsidiary companies

Prepayments and accrued income

172	197
<u>10.151</u>	<u>11.093</u>

~~391.251~~      ~~391.255~~

WILMINGTON DENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

12 CREDITORS: amounts falling due within one year

	1988	1987
	£	£
Bank overdraft	1,302,025	21,364
Obligations under finance leases and hire purchase contracts (Note 14)	707,664	708,318
Trade creditors	122,950	98,907
Amounts owed to group companies:		
Holding company and fellow subsidiary companies	94,358	1,543,162
Accruals	123,996	162,850
Corporation tax	77,161	-
	<u>2,428,154</u>	<u>2,524,671</u>

13 CREDITORS: amounts falling due after one year

	1988	1987
	£	£
Obligations under finance leases and hire purchase contracts (Note 14)	<u>2,313,613</u>	<u>2,590,877</u>

14 OBLIGATIONS UNDER FINANCE LEASES

	Capital elements		Future finance charges		Total future rentals	
	1988	1987	1988	1987	1988	1987
	£	£	£	£	£	£
Repayments are due in:						
Over 5 years	612,635	888,206	55,546	120,127	668,181	1,008,333
4 - 5 years	418,468	267,748	67,996	95,413	486,464	363,161
3 - 4 years	359,240	303,606	109,359	131,291	468,599	434,897
2 - 3 years	381,822	477,498	155,940	181,456	537,762	658,954
1 - 2 years	<u>541,448</u>	<u>654,019</u>	<u>216,354</u>	<u>267,222</u>	<u>757,802</u>	<u>921,404</u>
	2,313,613	2,590,877	605,295	775,672	2,918,908	3,366,549
1 year or less	<u>707,664</u>	<u>708,318</u>	<u>292,688</u>	<u>321,562</u>	<u>1,000,352</u>	<u>1,029,887</u>
	<u>3,021,277</u>	<u>3,299,195</u>	<u>897,983</u>	<u>1,097,234</u>	<u>3,919,260</u>	<u>4,396,436</u>

CONCRETE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1988 (CONTINUED)

15 DEFERRED TAXATION

	1988	1987
The potential amount of deferred taxation calculated on the liability method at 35% (1987 - 35%) is:	£	£
Accelerated depreciation	<u>679,359</u>	<u>639,386</u>

No deferred taxation has been provided in these accounts on the basis that sufficient finance leases for fixed assets are written in future years so that potential timing differences will not reverse in the foreseeable future.

Under the above policy no provision for deferred taxation is required.

16 CALLED UP SHARE CAPITAL

	1988	1987
Authorised, allotted and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

17 CAPITAL COMMITMENTS

	1988	1987
Capital expenditure contracted for and approved by the board and not provided in the accounts	<u>390,342</u>	<u>      </u>

18 ULTIMATE HOLDING COMPANY

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