

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1989

1. The directors submit their report and accounts for the year ended 30 September 1989.

Results and dividends

2. Details of the results for the year are set out in the profit and loss account on page 4. The directors do not recommend a dividend in respect of the year ended 30 September 1989. (30 September 1988: £NIL).

Principal activities and review of the business and future developments

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

Fixed assets

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

Directors

5. The following directors have held office during the whole of the year ended 30 September 1989.

Mr H H Montgomery
Mr R J W McClelland
Mr T S Blackshaw
Mr D S Kenyon

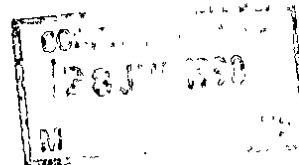
6. Mr D S Kenyon retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Directors' interests in shares

7. 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 1989 have any notifiable interests in the shares of the company. Mr H H Montgomery and Mr R J W McClelland are Directors of the ultimate holding company Ballyvesey Holdings Limited, and their interests in the issued share capital of that company are shown in the accounts of that company.

Close company

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



FLEET RENTAL LIMITED

REPORT OF THE DIRECTORS (Continued)

Auditors

9. The auditors Price Waterhouse have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Woodville
25 November 1989

R J W McClelland
Secretary

AUDITORS' REPORT TO THE MEMBERS

of

EUROFLEET RENTAL LIMITED

We have audited the accounts and notes on pages 4 to 14 in accordance with 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 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
Belfast
25 November 1989

EUROFLEET RENTAL LIMITED

- 4 -

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1989

		<u>12 months to</u> <u>30 September</u> <u>1989</u>	<u>12 months to</u> <u>30 September</u> <u>1988</u>
	Note	£	£
Turnover	2	2,112,874	2,049,900
Cost of sales		1,182,865	1,122,836
Gross profit		930,009	927,064
Operating expenses	3	169,440	226,238
Operating profit		760,569	700,826
Net interest payable and similar charges	7	435,759	371,722
Profit before tax and exceptional item		324,810	329,104
Exceptional item	4	-	309,400
Profit before tax	5	324,810	638,504
Tax	8	63,140	77,163
Profit for the financial year		261,670 =====	561,341 =====

STATEMENT OF RETAINED PROFITS

	<u>1989</u>	<u>1988</u>
As previously reported	587,987	694
Prior year adjustment	-	25,952
As restated	587,987	26,646
Profit for the year	261,670	561,341
Carried forward	849,657 =====	587,987 =====

EUROFLEET RENTAL LIMITED
BALANCE SHEET - 30 SEPTEMBER 1989

		<u>30 September</u> <u>1989</u>		<u>30 September</u> <u>1988</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Tangible assets	9		5,988,731		5,044,577
CURRENT ASSETS					
Stocks	10	13,202		3,854	
Debtors	11	485,687		381,253	
Cash in hand		547		72	
		<hr/>		<hr/>	
		500,436		385,179	
CURRENT LIABILITIES					
creditors: amounts					
falling due within					
one year	12	2,525,660		2,428,156	
		<hr/>		<hr/>	
NET CURRENT LIABILITIES			(2,025,224)		(2,042,977)
TOTAL ASSETS LESS					
CURRENT LIABILITIES			<hr/>		<hr/>
			3,963,507		3,001,600
CREDITORS: amounts fall-					
ing due after mo: e					
than one year	12		(3,013,850)		(2,313,613)
			<hr/>		<hr/>
			949,657		687,987
			=====		=====
CAPITAL AND RESERVES					
Called up share capital 14		100,000		100,000	
Profit and loss account		849,657		587,987	
		<hr/>		<hr/>	
			949,657		687,987
			=====		=====

These accounts were approved by the board on 25 November 1989.

H H Montgomery *Harold Montgomery* Directors
R J W McClelland *R J W McClelland*

LUDOLLET RENTAL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 1989

	<u>12 months to</u> <u>30 September</u> <u>1989</u>		<u>12 months to</u> <u>30 September</u> <u>1988</u>	
	£	£	£	£
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before taxation		324,810		638,504
Adjustment for items not involving the movement of funds:				
Depreciation	695,248		353,711	
Profit on sale of tangible fixed assets	(50,511)	644,737	(38,454)	315,257
Total generated from operations		969,547		953,761
Funds from other sources:				
Sales proceeds of tangible fixed assets		194,435		136,169
Total source of funds		1,163,982		1,089,930
<u>APPLICATION OF FUNDS</u>				
Purchase of tangible fixed assets		(1,783,326)		(563,602)
Dividend paid		-		(851,000)
Tax paid		-		(7,133)
		(619,344)		(331,805)
		=====		=====
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>				
Made up as follows:				
Increase/(Decrease) in stocks		9,348		(790,
Increase in debtors		105,434		69,128
(Increase)/Decrease in creditors		(748,457)		880,470
		(633,675)		948,808
Movement in net liquid funds				
Cash at bank and in hand	475		48	
Bank overdraft	13,856	14,331	(1,280,661)	(1,280,613)
		(619,344)		(331,805)
		=====		=====

EUROLEAF RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1989

1. Principal accounting policies

The accounts are prepared in accordance with the historical cost convention. 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 with a residual value of the greater of 10% or £1,000. Refrigerated trailers are depreciated over a period of 10 years to a 10% residual value.

Plant and equipment are 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 agreements 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.

(d) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates 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 financial statements, to the extent it is probable that a liability or asset will crystallise in the foreseeable future.

(e) Repairs and maintenance of vehicles

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

EUROFLEET RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1989

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>12 months to</u> <u>30 September</u>	<u>12 months to</u> <u>30 September</u> <u>1988</u>
	£	£
Distribution costs	160,1	567
Administrative expenses	59,840	25
Profit on disposal of fixed assets	(50,511)	(50,511)
	<hr/>	<hr/>
	169,440	226,238
	=====	=====

4. Exceptional items

As a result of a change in accounting policy on fixed assets in 1988 an amount of £309,400 depreciation was written back to fixed asset values. The analysis of which was:-

owned assets	£ 75,093
leased assets	£234,307

5. Profit on ordinary activities before taxation and exceptional item

This is stated after charging:

Directors' remuneration for management, including pension contributions (Note 6)	10,700	17,510
Depreciation of tangible fixed assets:		
owned	35,754	39,961
leased	659,494	623,150
Auditors' remuneration	1,500	2,000
Hire of plant and machinery	29,445	815

EUROFLEET RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1989

6. Information regarding directors and employees

	<u>12 months to</u> <u>30 September</u> <u>1989</u>	<u>12 months to</u> <u>30 September</u> <u>1988</u>
(a) Particulars of the remuneration of directors, excluding pension contributions:	£	£
Emoluments of the chairman	-	-
Emoluments of the highest paid director	10,000	8,865

Number of other directors whose remuneration was within the ranges:

	<u>Number</u>	<u>Number</u>
£Nil - £5,000	2	2

(b) Employment costs of all employees including executive directors:	£	£
Gross wages and salaries	146,569	139,145
Employer's national insurance	13,015	11,873
Employer pension contribution under the groups pension scheme	3,852	3,461
	<hr/>	<hr/>
	163,436	154,479
	=====	=====

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

	<u>Number</u>	<u>Number</u>
Staff	15	13
Manual workers	6	7
	<hr/>	<hr/>
	21	20
	==	==

EUROFLEET RENTAL LIMITED

- 10 -

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 19897. Net interest payable and similar charges

	<u>12 months to</u> <u>30 September</u> <u>1989</u>	<u>12 months to</u> <u>30 September</u> <u>1988</u>
Interest payable	£	£
Finance leases and hire purchase agreements	346,121	333,950
Interest payable to group companies	-	9,654
	<hr/>	<hr/>
Bank interest payable/(receivable)	346,121 89,638	343,604 28,118
	<hr/>	<hr/>
	435,759	371,722
	=====	=====

8. Tax

Corporation tax	63,140	77,163
	<hr/>	<hr/>
	63,140	77,163
	=====	=====

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.

EUROPEAN RENTAL LIMITED

NOTES TO THE ACCOUNTS 30 SEPTEMBER 1989

9. Tangible fixed assets

	<u>Total</u>	<u>Freehold Land and Buildings</u>	<u>Plant</u>
<u>Cost</u>	£	£	£
At 30 September 1988	7,655,102	30,795	7,624,307
Additions	1,783,326	-	1,783,326
Inter group transfers	-	-	-
Disposals	(368,819)	-	(368,819)
	<hr/>	<hr/>	<hr/>
	9,069,609	30,795	9,038,814
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 30 September 1988	2,610,525	30,795	2,579,730
Inter group transfers	-	-	-
Disposals	(224,895)	-	(224,895)
Charge for the year	695,248	-	695,248
	<hr/>	<hr/>	<hr/>
	3,080,878	30,795	3,050,083
	<hr/>	<hr/>	<hr/>
Net book value at 30 September 1989	5,988,731 =====	- =====	5,988,731 =====
owned	233,299		233,299
leased	5,755,432		5,755,432
Net book value at 30 September 1988	5,044,577 =====	- =====	5,044,577 =====
owned	222,688		222,688
leased	4,821,889	-	4,821,889
	<hr/>	<hr/>	<hr/>

10. Stocks

	<u>1989</u>	<u>1988</u>
	£	£
Raw materials and consumables	13,202 =====	3,854 =====

FLEET RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1989

11. Debtors

Amounts falling due within one year		
Trade debtors	427,323	370,928
Amounts owed by group companies:		
Holding company and fellow subsidiary companies	43,791	172
Prepayments and accrued income	15,573	10,153
	<hr/>	<hr/>
	486,687	381,253
	=====	=====

12. Creditors

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	£	£	£	£
Bank overdraft	1,288,169	1,302,025	-	-
Obligations under finance leases and hire purchase contracts	796,143	707,664	3,013,850	2,313,613
Trade creditors	81,668	122,950	-	-
Amounts owed to group companies:				
Holding company and fellow subsidiary companies	-	94,358	-	-
Accruals	219,377	123,996	-	-
Corporation Tax	140,303	77,163	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,525,660	2,428,156	3,013,850	2,313,613
	=====	=====	=====	=====

The bank overdraft is secured by fixed and floating charges over the undertaking and all property and assets of the company.

EUROFLEET RENTAL LIMITED

IN THE ACCOUNTS - 30 SEPTEMBER 1989

Obligations under finance leases

	<u>1989</u>			<u>1988</u>		
	<u>Capital element</u>	<u>Future finance charges</u>	<u>Total future rentals</u>	<u>Capital element</u>	<u>Future finance charges</u>	<u>Total future rentals</u>
	£	£	£	£	£	£
Repayments are due in:						
Over 5 yrs	374,513	39,725	414,238	612,635	55,546	668,181
Second to fifth year inclusive	2,639,337	675,056	3,314,393	1,700,978	549,749	2,250,727
	<u>3,013,850</u>	<u>714,781</u>	<u>3,728,631</u>	<u>2,313,613</u>	<u>605,295</u>	<u>2,918,908</u>
Within one year	796,143	399,701	1,195,844	707,664	292,689	1,000,352
	<u>3,809,993</u>	<u>1,114,482</u>	<u>4,924,475</u>	<u>3,021,277</u>	<u>897,983</u>	<u>3,919,260</u>
	=====	=====	=====	=====	=====	=====

13. Deferred taxation

The potential amount of deferred taxation calculated on the liability method at 35% is :

	<u>1989</u>	<u>1988</u>
	£	£
Accelerated depreciation	729,629	679,359
	<u>729,629</u>	<u>679,359</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 such that potential timing differences will not reverse in the foreseeable future.

EUROFLEET RENTAL LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1989

14. Share capital

Authorised, allotted and fully paid

30 September 1989 and 30 September 1988

Ordinary shares of £1 each	100,000
	=====

15. Capital commitments

1989

1988

£

£

Capital expenditure contracted for
and approved by the board and not
provided in the accounts

-
=====

390,242
=====

16. Operating lease commitments

Commitments under operating leases expire:

£

Within one year

8,460

In the second to fifth year

9,144

After more than five years

17,604

=====

17. Ultimate holding company

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