

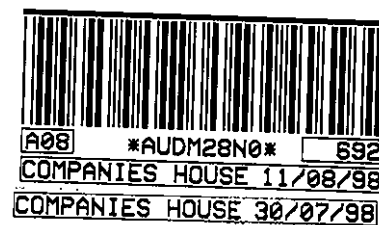
EUROFLEET RENTAL LIMITED

ABBREVIATED ACCOUNTS

30 September 1997

REGISTERED NUMBER

829413



DIRECTORS' REPORT

The directors submit their report and audited accounts for the year ended 30 September 1997.

PRINCIPAL ACTIVITIES

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

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the company's good performance in recent years. They consider that 1998 will show a consolidation of the company's position.

RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 3. The directors do not recommend the payment of a dividend (1996 - £137,750).

DIRECTORS

The following directors have held office during the year ended 30 September 1997.

Mr HH Montgomery
Mr JP Brien

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

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 1997 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.

FIXED ASSETS

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

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.

AUDITORS

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

On Behalf of the Board


HH MONTGOMERY
Director

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

We have examined the abbreviated accounts set out on pages 3 to 12, together with the accounts of the company for the year ended 30 September 1997 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 3 to 12 are properly prepared in accordance with those provisions.

Price Waterhouse

Chartered Accountants
and Registered Auditors

Belfast

Date 3/2/98

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1997**

	<u>Notes</u>	Continuing operations	
		<u>1997</u>	<u>1996</u>
		£	£
GROSS PROFIT		1,161,517	1,675,763
Operating expenses	3	<u>(512,204)</u>	<u>(560,191)</u>
OPERATING PROFIT		649,313	1,115,572
Other income		-	71,168
Profit on disposal of fixed assets		69,921	25,458
Interest receivable		6,453	-
Interest payable and similar charges	5	<u>(604,157)</u>	<u>(633,967)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	121,530	578,231
Taxation credit/(charge)	6	<u>56,862</u>	<u>(168,694)</u>
PROFIT FOR THE FINANCIAL YEAR		178,392	409,537
Dividend	7	<u>-</u>	<u>(137,750)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	<u>178,392</u>	<u>271,787</u>

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 notes on pages 5 to 12 form part of these accounts

BALANCE SHEET - 30 SEPTEMBER 1997

	Notes	1997	1996
FIXED ASSETS		£	£
Tangible assets	8	<u>10,117,181</u>	<u>9,904,352</u>
CURRENT ASSETS			
Stocks	9	4,456	4,401
Debtors	10	717,372	882,194
Cash in hand		<u>447</u>	<u>-</u>
		722,275	886,595
CREDITORS: amounts falling due within one year	11	<u>(3,412,381)</u>	<u>(3,882,209)</u>
NET CURRENT LIABILITIES		<u>(2,690,106)</u>	<u>(2,995,614)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,427,075	6,908,738
CREDITORS: amounts falling due after one year	12	<u>(4,301,840)</u>	<u>(3,961,895)</u>
		<u>3,125,235</u>	<u>2,946,843</u>
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Profit and loss account	17	3,012,702	2,834,310
Revaluation reserve	17	<u>12,533</u>	<u>12,533</u>
TOTAL SHAREHOLDERS' FUNDS	18	<u>3,125,235</u>	<u>2,946,843</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.

Approved by the Board on 21 January 1998

DIRECTOR:


JP Brien

The notes on pages 5 to 12 form part of these accounts.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997

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%

(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 paid under operating leases are expensed 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.

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.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997 (CONTINUED)

3	OPERATING EXPENSES	<u>1997</u>	<u>1996</u>
		£	£
	Distribution costs	333,270	387,100
	Administrative expenses	<u>178,934</u>	<u>173,091</u>
		<u>512,204</u>	<u>560,191</u>
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1997</u>	<u>1996</u>
	Profit on ordinary activities before taxation is stated after charging/(crediting):	£	£
	Depreciation of tangible fixed assets - owned	828,433	767,380
	- leased	624,453	739,200
	Auditors' remuneration - audit services	4,500	5,400
	- non audit services	2,150	500
	Bank interest payable	69,746	59,845
	Hire purchase and finance lease interest	483,061	493,896
	Bank interest paid on loans repayable after more than five years	20,413	24,255
	Interest payable to group undertakings	30,937	55,971
	Interest receivable	<u>(6,453)</u>	<u>-</u>
5	INTEREST PAYABLE AND SIMILAR CHARGES	<u>1997</u>	<u>1996</u>
		£	£
	Interest payable:		
	Finance leases and hire purchase agreements	483,061	493,896
	Bank interest/loan interest	<u>121,096</u>	<u>140,071</u>
		<u>604,157</u>	<u>633,967</u>
6	TAXATION CREDIT/(CHARGE)	<u>1997</u>	<u>1996</u>
		£	£
	Corporation tax	-	(169,894)
	Group relief	56,517	-
	Corporation tax - prior year	<u>345</u>	<u>1,200</u>
		<u>56,862</u>	<u>(168,694)</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.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997 (CONTINUED)

7	DIVIDEND	1997	1996
		£	£
	Equity dividend on ordinary shares paid	<u>-</u>	<u>137,750</u>

8	TANGIBLE FIXED ASSETS	Freehold land	Plant	Total
	<u>Cost or valuation</u>	£	£	£
	At 30 September 1996	825,000	15,372,103	16,197,103
	Additions	-	2,486,369	2,486,369
	Disposals	-	(2,494,422)	(2,494,422)
	Revaluation	<u>-</u>	<u>-</u>	<u>-</u>
	At 30 September 1997	<u>825,000</u>	<u>15,364,050</u>	<u>16,189,050</u>
	<u>Depreciation</u>			
	At 30 September 1996	-	6,292,751	6,292,751
	Charge for year	-	1,452,886	1,452,886
	Disposals	<u>-</u>	<u>(1,673,768)</u>	<u>(1,673,768)</u>
	At 30 September 1997	<u>-</u>	<u>6,071,869</u>	<u>6,071,869</u>
	<u>Net book value</u>			
	Owned	825,000	7,349,212	8,174,212
	Leased	<u>-</u>	<u>1,942,969</u>	<u>1,942,969</u>
	At 30 September 1997	<u>825,000</u>	<u>9,292,181</u>	<u>10,117,181</u>
	Owned	825,000	5,902,645	6,727,645
	Leased	<u>-</u>	<u>3,176,707</u>	<u>3,176,707</u>
	At 30 September 1996	<u>825,000</u>	<u>9,079,352</u>	<u>9,904,352</u>

On 30 September 1996 the company's freehold land was revalued on the basis of open market value for existing use by independent, professionally qualified valuers.

	1997	1996
	£	£
On a historical cost basis freehold land would have been stated at the following amount:		
Cost	<u>812,467</u>	<u>812,467</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997 (CONTINUED)

9 STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Raw materials and consumables	<u>4,456</u>	<u>4,401</u>

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

10 DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Group relief recoverable	56,517	-
Trade debtors	574,706	777,214
Amounts owed by group undertakings	3,629	35,225
Other debtors	-	325
Prepayments and accrued income	<u>82,520</u>	<u>69,430</u>
	<u>717,372</u>	<u>882,194</u>

11 CREDITORS: amounts falling due within one year

	<u>1997</u>	<u>1996</u>
	£	£
Term loan (Note 13)	50,000	50,000
Bank overdraft	1,240,145	1,046,810
Trade creditors	254,692	285,232
Amounts owed to group undertakings	215,944	314,224
Taxation and social security	15,680	104,270
Accruals	148,610	201,602
Corporation tax	-	169,894
Obligations under finance leases and hire purchase contracts (Note 14)	<u>1,487,310</u>	<u>1,710,177</u>
	<u>3,412,381</u>	<u>3,882,209</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 1997 (CONTINUED)

12 CREDITORS: amounts falling due after one year

	<u>1997</u>	<u>1996</u>
	£	£
Term loan	175,000	237,500
Amounts owed to group undertakings	-	165,000
Obligations under finance leases and hire purchase contracts (Note 14)	<u>4,126,840</u>	<u>3,559,395</u>
	<u>4,301,840</u>	<u>3,961,895</u>

13 BANK LOAN

	<u>1997</u>	<u>1996</u>
	£	£
Amounts repayable:		
Within one year	50,000	50,000
Between two to five years	175,000	200,000
After five years	-	37,500
	<u>225,000</u>	<u>287,500</u>

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	Capital element		Future finance charges		Total future rentals	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£	£	£
Repayments are due:						
Over five years	590,967	327,381	25,737	14,709	616,704	342,090
Second to fifth year inclusive	<u>3,535,873</u>	<u>3,232,014</u>	<u>575,395</u>	<u>501,476</u>	<u>4,111,268</u>	<u>3,733,490</u>
	4,126,840	3,559,395	601,132	516,185	4,727,972	4,075,580
Within one year	<u>1,487,310</u>	<u>1,710,177</u>	<u>377,170</u>	<u>397,842</u>	<u>1,864,480</u>	<u>2,108,019</u>
	<u>5,614,150</u>	<u>5,269,572</u>	<u>978,302</u>	<u>914,027</u>	<u>6,592,452</u>	<u>6,183,599</u>

15 DEFERRED TAXATION

	<u>1997</u>	<u>1996</u>
	£	£
The potential amount of deferred taxation calculated on the liability method at 33%:		
Accelerated depreciation	<u>1,182,000</u>	<u>1,200,000</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 1997 (CONTINUED)

16 CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised, allotted and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

17 RESERVES

	Revaluation reserve	Profit and loss account
	£	£
Balance at 30 September 1996	12,533	2,834,310
Profit for year	-	<u>178,392</u>
Balance at 30 September 1997	<u>12,533</u>	<u>3,012,702</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.

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Profit for year	178,392	409,537
Dividends	-	(137,750)
Surplus on revaluation of freehold land	-	12,533
Opening shareholders' funds	<u>2,946,843</u>	<u>2,662,523</u>
Closing shareholders' funds	<u>3,125,235</u>	<u>2,946,843</u>

19 EMPLOYEES

	<u>1997</u>	<u>1996</u>
	£	£
Employment costs of all employees including executive directors:		
Gross wages and salaries	259,936	301,929
Social security costs	23,793	29,055
Employer's pension contribution under the group's pension scheme	<u>78</u>	<u>9,899</u>
	<u>283,807</u>	<u>340,883</u>

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

	Number	Number
Staff	15	15
Manual workers	-	<u>2</u>
	<u>15</u>	<u>17</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997 (CONTINUED)

20 OPERATING LEASE COMMITMENTS

At 30 September 1997 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Commitments under operating leases expiring:		
Within one year	-	-
In the second to fifth year	200,604	203,347
After more than five years	-	-
	<u>200,604</u>	<u>203,347</u>

21 DIRECTORS' EMOLUMENTS

	<u>1997</u>	<u>1996</u>
	£	£
Particulars of the remuneration of directors, excluding pension contributions	<u>50,975</u>	<u>48,953</u>

22 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.

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 1997 (1996 - £Nil).

24 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 consolidated cash flow.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1997 (CONTINUED)

25 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.

26 ULTIMATE PARENT COMPANY

Ballyvesey Holdings Limited is the ultimate parent company.