

EUROFLEET RENTAL LIMITED

DIRECTORS' REPORT AND ABBREVIATED ACCOUNTS

30 September 2000



Eurofleet Rental Limited

GENERAL INFORMATION

Registered No. 829413

DIRECTORS

HH Montgomery
JP Brien
RJW McClelland

SECRETARY

JC Stubbs (resigned on 28 March 2000)
W McClelland (appointed on 28 March 2000)

REGISTERED OFFICE

Thorn Street
Woodville
Swadlincote
DERBYSHIRE
DE11 7DR

BANKERS

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

AUDITORS

Ernst & Young
Bedford House
16 Bedford Street
BELFAST

DIRECTORS' REPORT

The directors submit their report and audited accounts for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £219,236 (1999 – loss of £55,036). The directors do not recommend a dividend (1999 – £170,000).

DIRECTORS' AND THEIR INTERESTS

The directors at 30 September 2000 were those listed on page 1. None of the directors held interests in the share capital of the company.

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.

AUDITORS

Following the resignation of PricewaterhouseCoopers on 16 August 2000, the Directors appointed Ernst & Young.

By Order of the Board



W McClelland
Secretary

27 JUNE 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- 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.

**SPECIAL REPORT OF THE AUDITORS TO EUROFLEET RENTAL LIMITED
UNDER SECTION 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 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

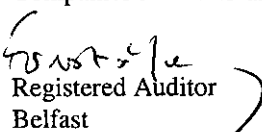
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A (3) of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


Registered Auditor
Belfast

27 JUNE 2001

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2000

	Notes	2000	1999
		£	£
GROSS PROFIT		1,275,181	1,018,626
Operating expenses	2	<u>(629,893)</u>	<u>(504,787)</u>
OPERATING PROFIT	3	645,288	513,839
Profit on disposal of fixed assets		10,328	13,426
Interest payable and similar charges	6	<u>(480,993)</u>	<u>(498,211)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		174,623	29,054
Taxation credit	7	<u>44,613</u>	<u>85,910</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		219,236	114,964
Dividends	8	<u>—</u>	<u>(170,000)</u>
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR	18	<u>219,236</u>	<u>(55,036)</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 September 2000

	2000	1999
	£	£
PROFIT FOR THE FINANCIAL YEAR	219,236	114,964
Unrealised Surplus on revaluation of freehold land.	<u>225,000</u>	<u>—</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>444,236</u>	<u>114,964</u>

ABBREVIATED BALANCE SHEET
at 30 September 2000

	Notes	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	9	10,281,325	9,761,820
CURRENT ASSETS			
Stocks	10	3,752	4,430
Debtors	11	619,794	702,416
Cash in hand		45	890
		<u>623,591</u>	<u>707,736</u>
CREDITORS: amounts falling due within one year	12	(2,809,111)	(2,573,719)
NET CURRENT LIABILITIES		<u>(2,185,519)</u>	<u>(1,865,983)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,095,805	7,895,837
CREDITORS: amounts falling due after one year	13	(4,215,621)	(4,459,889)
		<u>3,880,184</u>	<u>3,435,948</u>
CAPITAL AND RESERVES			
Called up share capital	17	100,000	100,000
Revaluation reserve	18	237,533	12,533
Profit and loss account	18	3,542,651	3,323,415
TOTAL SHAREHOLDERS' FUNDS	19	<u>3,880,184</u>	<u>3,435,948</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small medium companies.

Approved by the Board on



Director

27 JUNE, 2001

NOTES TO THE ABBREVIATED ACCOUNTS at 30 September 2000

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention as modified to include the revaluation of freehold land.

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%

Stocks and work in progress

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

Finance leases and hire purchase contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

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.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Repairs and maintenance of vehicles

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

NOTES TO THE ABBREVIATED ACCOUNTS at 30 September 2000

1 ACCOUNTING POLICIES (continued)

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	OPERATING EXPENSES	2000	1999
		£	£
	Distribution costs	378,135	307,471
	Administrative expenses	251,758	197,316
		<u>629,893</u>	<u>504,787</u>
3	OPERATING PROFIT	2000	1999
	This is stated after charging:	£	£
	Depreciation of tangible fixed assets - owned	430,928	528,890
	- leased	883,564	816,636
	Auditors' remuneration - audit services	4,710	5,760
	- non audit services	<u>—</u>	<u>2,970</u>
4	DIRECTORS' EMOLUMENTS	2000	1999
		£	£
	Directors emoluments	<u>69,867</u>	<u>56,686</u>
	Company contributions paid to defined benefit schemes	<u>7,657</u>	<u>—</u>
	Members of defined benefit schemes	<u>1</u>	<u>1</u>
5	STAFF COSTS	2000	1999
	Employment costs of all employees including executive directors:	£	£
	Gross wages and salaries	280,771	252,468
	Social security costs	31,727	24,354
	Pension	<u>7,657</u>	<u>—</u>
		<u>320,155</u>	<u>276,822</u>
	The average number of persons, including executive directors, employed by the company during the year:	No.	No.
	Staff	<u>14</u>	<u>14</u>

NOTES TO THE ABBREVIATED ACCOUNTS
at 30 September 2000

6	INTEREST	<u>2000</u>	<u>1999</u>
		£	£
	Interest payable on bank loans and overdrafts	7,773	11,117
	Hire purchase and finance lease interest	436,767	471,262
	Interest payable to group undertakings	<u>36,453</u>	<u>15,832</u>
		<u>480,993</u>	<u>498,211</u>
7	TAXATION CREDIT	<u>2000</u>	<u>1999</u>
		£	£
	Corporation tax	-	-
	Group relief - Current Year	44,613	95,114
	Corporation tax - Prior year	<u>-</u>	<u>(9,204)</u>
		<u>44,613</u>	<u>85,910</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	DIVIDENDS	<u>2000</u>	<u>1999</u>
	Equity dividends on ordinary shares paid	<u>-</u>	<u>170,000</u>

NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2000

9 TANGIBLE FIXED ASSETS	Freehold land	Plant	Total
<u>Cost or valuation</u>	£	£	£
At 1 October 1999	825,000	15,960,320	16,785,320
Additions	-	1,727,563	1,727,563
Disposals	-	(939,802)	(939,802)
Revaluation	<u>225,000</u>	<u>-</u>	<u>225,000</u>
At 30 September 2000	<u>1,050,000</u>	<u>16,748,081</u>	<u>17,798,081</u>
At valuation – 2000	1,050,000	-	1,050,000
At cost	<u>-</u>	<u>16,748,081</u>	<u>16,748,081</u>
	<u>1,050,000</u>	<u>16,748,081</u>	<u>17,798,081</u>
<u>Depreciation</u>			
At 1 October 1999	-	7,023,500	7,023,500
Charge for year	-	1,314,492	1,314,492
Disposals	<u>-</u>	<u>(821,236)</u>	<u>(821,236)</u>
At 30 September 2000	<u>-</u>	<u>7,516,756</u>	<u>7,516,756</u>
At 30 September 2000	<u>1,050,000</u>	<u>9,231,325</u>	<u>10,281,325</u>
At 1 October 1999	<u>825,000</u>	<u>8,936,820</u>	<u>9,761,820</u>
		<u>2000</u>	<u>1999</u>
On a historical cost basis freehold land would have been stated at the following amount:		£	£
Cost		812,467	812,467
Accumulated depreciation		<u>-</u>	<u>-</u>
Net book amount		<u>812,467</u>	<u>812,467</u>

The net book value of tangible fixed assets include £7,473,249 (1999: £7,322,742) in respect of assets held under finance lease and hire purchase agreements.

On 30 September 2000 the company's freehold land and buildings were valued on the basis of open market value for existing use by Dunlop Heywood Consultant Surveyors. The surplus arising from this valuation is credited to Revaluation Reserves in these accounts.

NOTES TO THE ABBREVIATED ACCOUNTS
at 30 September 2000

10 STOCKS

	<u>2000</u>	<u>1999</u>
	£	£
Raw materials and consumables	<u>3,752</u>	<u>4,430</u>

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

11 DEBTORS

	<u>2000</u>	<u>1999</u>
	£	£
Group relief recoverable	44,613	95,114
Trade debtors	506,039	541,521
Amounts owed by group undertakings	12,281	18,798
Prepayments and accrued income	<u>56,861</u>	<u>46,983</u>
	<u>619,794</u>	<u>702,416</u>

12 CREDITORS: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Term loan (Note 14)	50,000	50,000
Bank overdraft	509,046	455,902
Trade creditors	233,118	315,757
Amounts owed to group undertakings	15,333	70,509
Other taxation and social security	170,605	40,768
Accruals	73,918	44,225
Corporation tax	-	-
Obligations under finance leases and hire purchase contracts (Note 15)	<u>1,757,091</u>	<u>1,596,558</u>
	<u>2,809,111</u>	<u>2,573,719</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 ABBREVIATED ACCOUNTS at 30 September 2000

13 CREDITORS: amounts falling due after one year

	2000	1999
	£	£
Term loan (Note 14)	37,500	75,000
Obligations under finance leases and hire purchase contracts (Note 15)	<u>4,178,121</u>	<u>4,384,889</u>
	<u>4,215,621</u>	<u>4,459,889</u>

14 BANK LOAN

	2000	1999
	£	£
Amounts repayable:		
Within one year	50,000	50,000
Between one and two years	37,500	50,000
Between two and five years	<u>—</u>	<u>25,000</u>
	<u>87,500</u>	<u>125,000</u>

15 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

	Capital element		Future finance charges		Total future rentals	
	2000	1999	2000	1999	2000	1999
	£	£	£	£	£	£
Repayments are due:						
Over five years	331,655	158,974	-	528	331,655	159,502
Second to fifth year inclusive	<u>3,846,466</u>	<u>4,225,915</u>	<u>226,667</u>	<u>335,098</u>	<u>4,073,133</u>	<u>4,561,013</u>
	4,178,121	4,384,889	226,667	335,626	4,404,788	4,720,515
Within one year	<u>1,757,091</u>	<u>1,596,558</u>	<u>220,161</u>	<u>276,616</u>	<u>1,977,252</u>	<u>1,873,174</u>
	<u>5,935,212</u>	<u>5,981,447</u>	<u>446,828</u>	<u>612,242</u>	<u>6,382,040</u>	<u>6,593,689</u>

16 DEFERRED TAXATION

The movement in deferred taxation during the current and previous years as follows

	2000	1999
	£	£
The potential amount of deferred taxation calculated on the liability method:		
Accelerated depreciation	<u>1,277,716</u>	<u>1,179,859</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 ABBREVIATED ACCOUNTS
at 30 September 2000**

17 SHARE CAPITAL

	<u>2000</u>	<u>1999</u>
	£	£
Authorised, allotted and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

18 RESERVES

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 October 1999	12,533	3,323,415
Revaluation Surplus	225,000	-
Retained profit	<u> </u>	<u>219,236</u>
 Balance at 30 September 2000	 <u>237,533</u>	 <u>3,542,651</u>

The revaluation reserve arises from the revaluation of freehold land and buildings on 30 September 2000.

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

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Profit for the year	219,236	114,964
Revaluation Gain	225,000	-
Dividends	<u> </u>	<u>(170,000)</u>
Net movement in shareholders' funds	444,236	(55,036)
Opening shareholders' funds	3,435,948	3,490,984
 Closing shareholders' funds	 <u>3,880,184</u>	 <u>3,435,948</u>

20 OPERATING LEASE COMMITMENTS

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:

	<u>2000</u>	<u>1999</u>
	£	£
Commitments under operating leases expiring:		
Within one year	115,235	144,233
In the second to fifth year	<u>208,752</u>	<u>34,655</u>
	<u>323,987</u>	<u>178,888</u>

**NOTES TO THE ABBREVIATED ACCOUNTS
at 30 September 2000**

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 2000 (1999 - £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.

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

The company's ultimate parent undertaking is Ballyvesey Holdings Limited, a company incorporated in the United Kingdom.