

Eurofleet Rental Limited

Abbreviated Financial Statements

30 September 2003



Eurofleet Rental Limited

Registered No. 829413

Directors

H H Montgomery
J P Brien (resigned on 31 January 2003)
P L Berridge (appointed 3 January 2003)
R J W McClelland

Secretary

R L Barratt

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers

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

Solicitors

Pinders
10 St Mary's Gate
Derby
DE1 3JJ

Registered Office

Little Wigston
Swadlincote
Derbyshire
DE12 7BJ

Directors' report

The directors present their report and abbreviated financial statements for the year ended 30 September 2003.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £17,318 (2002 - £174,096). The directors do not recommend the payment of a final dividend (2002 - £Nil). A dividend of £Nil was paid during the year (2002- £200,000).

Directors and their interests

The directors who held office during the year are stated on page 1.

None of the directors held interests in the share capital of the company.

Mr H H Montgomery is a director of the ultimate holding company, Ballyvesey Holdings Limited, and his interest in the issued share capital of the ultimate holding company is shown in the financial statements of that 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

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



R L Barratt

Secretary

25 March 2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements; and
- prepare the financial statements 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 financial statements 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.

Independent auditors' report

to Eurofleet Rental Limited under Section 247B of the Companies Act 1985

We have examined the company's abbreviated financial statements for the year ended 30 September 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 23, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 30 September 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the financial statements 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 financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated financial statements are properly prepared in accordance with that provision.

Other information

On 25 March 2004 we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report was as follows:

"We have audited the company's financial statements for the year ended 30 September 2003, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Independent auditors' report - continued
to Eurofleet Rental Limited under Section 247B of the Companies Act 1985

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

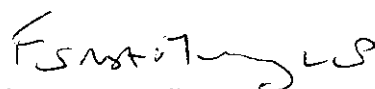
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

An actuarial valuation of the company and group's pension fund has not been obtained at 30 September 2003. This is not in accordance with FRS 17. As a result, the disclosures required by FRS 17 under the transitional arrangements relating to accounting periods ending on or after 22 June 2003 have not been given in the financial statements in relation to either the company or the group.

Except for the non compliance with FRS 17 and the omission of disclosures required by that standard, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Belfast
25 March 2004"



Registered Auditor
Belfast

25 March 2004

Abbreviated profit and loss account

For the year ended 30 September 2003

	Notes	2003 £	2002 £
Gross profit		959,072	1,124,903
Operating expenses	2	(751,792)	(706,033)
Operating profit	3	207,280	418,870
Profit on disposal of fixed assets		24,749	28,111
Interest payable and similar charges	6	(210,991)	(199,870)
Profit on ordinary activities before taxation		21,038	247,111
Taxation charge	7	(3,720)	(73,015)
Profit on ordinary activities after taxation	16	17,318	174,096
Dividend	8	-	(200,000)
Retained profit/(loss) for the financial year		17,318	(25,904)

Note of the historical cost profit and loss

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.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 September 2003

	2003 £	2002 £
Profit for the financial year attributable to shareholders	17,318	174,096
Total recognised gains and losses relating to the year	17,318	174,096
Prior year adjustment	-	(1,260,073)
Total gains and losses recognised since last annual report	17,318	(1,085,977)

Abbreviated balance sheet

At 30 September 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	8,212,401	8,905,421
Current assets			
Debtors	10	794,243	945,062
Cash in hand		50	522
		794,293	945,584
Creditors: amounts falling due within one year	11	(1,811,078)	(2,468,351)
Net current liabilities		(1,016,785)	(1,522,767)
Total assets less current liabilities		7,195,616	7,382,654
Creditors: amounts falling due after one year	12	(3,154,925)	(3,301,230)
Provisions for liabilities and charges	14	(1,275,112)	(1,333,163)
		2,765,579	2,748,261
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account	16	2,665,579	2,648,261
Total shareholders' funds	16	2,765,579	2,748,261

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Directors



25 March 2004

Notes to the abbreviated financial statements

30 September 2003

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of freehold land, and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

- Trailers	- 8 1/3 % to 10%
- Plant and Equipment	- 7 1/2 % to 25%
- Motor vehicles	- 25%
- Fixtures and fittings	- 10% to 20%
- Computer software	- 33.33%

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

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 the 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.

Repairs and maintenance of vehicles

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

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 employer will benefit from the employee's services.

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the abbreviated financial statements

30 September 2003

1. Accounting policies (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the abbreviated financial statements

30 September 2003

2. Operating expenses

	2003 £	2002 £
Distribution costs	519,345	491,001
Administrative expenses	232,447	215,032
	<u>751,792</u>	<u>706,033</u>

3. Operating profit

This is stated after charging:

		2003 £	2002 £
Depreciation of tangible fixed assets	- owned	510,870	473,822
	- leased	996,985	872,496
Auditors' remuneration	- audit services	7,500	6,750
		<u>1,515,355</u>	<u>1,353,068</u>

4. Directors' emoluments

	2003 £	2002 £
Emoluments	<u>15,358</u>	<u>77,620</u>
Company contributions paid to defined benefit schemes	<u>697</u>	<u>3,913</u>
	2003 No.	2002 No.
Members of defined benefit schemes	<u>1</u>	<u>1</u>

Notes to the abbreviated financial statements

30 September 2003

5. Staff costs

	2003	2002
	£	£
Employment costs of all employees, including executive directors:		
Gross wages and salaries	286,203	310,931
Social security costs	27,551	29,235
Pension	5,063	7,930
	<u>318,817</u>	<u>348,096</u>

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

	2003	2002
	No.	No.
Staff	14	14
	<u>14</u>	<u>14</u>

6. Interest payable and similar charges

	2003	2002
	£	£
Interest payable on bank loans and overdrafts	3,410	8,381
Hire purchase and finance lease interest	207,581	191,489
	<u>210,991</u>	<u>199,870</u>

7. Taxation charge

(a) The tax charge is made up as follows:

	2003	2002
	£	£
<i>Taxation on results for the year:</i>		
UK Corporation tax	61,772	1,420
Deferred tax	(57,368)	73,090
	<u>4,404</u>	<u>74,510</u>
<i>Prior year adjustments:</i>		
UK Corporation tax	-	(1,495)
Deferred tax	(684)	-
	<u>3,720</u>	<u>73,015</u>
Tax on profit on ordinary activities	<u>3,720</u>	<u>73,015</u>

Notes to the abbreviated financial statements

30 September 2003

7. Taxation charge (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before tax	21,038	247,112
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2002 – 30%)	6,311	74,134
Expenses not deductible for tax purposes	34	(43,439)
Profit on sale of fixed assets	(7,425)	(2,354)
Decelerated/(accelerated) capital allowances	64,793	(26,156)
Other	(1,941)	(765)
	<u>61,772</u>	<u>1,420</u>

(c) Factors that may affect future tax charges

To date, proceeds of £920,000 have been received in respect of the compulsory purchase of land. No provision for taxation has been provided in respect of this amount, as no chargeable gain has resulted. Further proceeds are anticipated from the disposal of this land and a chargeable gain may result. No deferred taxation has been provided in respect of the disposal as any potential gain will be rolled over into replacement assets.

8. Dividends

	2003 £	2002 £
Equity dividends on ordinary shares	-	200,000
	<u>-</u>	<u>200,000</u>

Notes to the abbreviated financial statements

30 September 2003

9. Tangible fixed assets

	<i>Plant</i> £	<i>Total</i> £
Cost or valuation:		
At 30 September 2002	16,919,231	16,919,231
Additions	896,087	896,087
Disposals	(670,301)	(670,301)
At 30 September 2003	17,145,017	17,145,017
Depreciation:		
At 30 September 2002	8,013,810	8,013,810
Charge for year	1,507,855	1,507,855
Disposals	(589,049)	(589,049)
At 30 September 2003	8,932,616	8,932,616
Net book value:		
At 30 September 2003	8,212,401	8,212,401
At 30 September 2002	8,905,421	8,905,421

The net book value of tangible fixed assets include £6,032,043 (2002 - £6,886,510) in respect of assets held under finance lease and hire purchase agreements.

On 30 September 2000, the company's freehold land was valued on the basis of open market value for existing use by Dunlop Heywood Consultant Surveyors. The surplus arising from this valuation was credited to the Revaluation Reserves in the financial statements for the year ending 30 September 2000.

Notes to the abbreviated financial statements

30 September 2003

10. Debtors

	2003	2002
	£	£
Trade debtors	602,248	732,258
Sundry debtors	175,806	174,956
Amounts owed by group undertakings	13,478	4,864
Prepayments and accrued income	2,711	32,984
	<u>794,243</u>	<u>945,062</u>

11. Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank overdraft	248,058	259,408
Trade creditors	333,230	394,338
Amounts owed to group undertakings	67,473	343,514
Other taxation and social security	12,890	43,424
Accruals	21,461	29,074
Corporation tax	61,772	1,420
Obligations under finance leases and hire purchase contracts (Note 13)	1,066,194	1,397,173
	<u>1,811,078</u>	<u>2,468,351</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.

Notes to the abbreviated financial statements

30 September 2003

12. Creditors: amounts falling due after one year

	2003 £	2002 £
Obligations under finance leases and hire purchase contracts (Note 13)	3,154,924	3,301,230

13. Obligations under finance leases and hire purchase agreements

	<i>Capital element 2003 £</i>	<i>Capital element 2002 £</i>	<i>Future finance charges 2003 £</i>	<i>Future finance charges 2002 £</i>	<i>Total future rentals 2003 £</i>	<i>Total future rentals 2002 £</i>
Repayments are due:						
Over five years	189,284	363,232	-	-	189,284	363,232
Second to fifth year inclusive	2,927,419	2,937,998	38,221	58,051	2,965,640	2,996,049
	3,116,703	3,301,230	38,221	58,051	3,154,924	3,359,281
Within one year	1,047,806	1,397,173	18,388	42,532	1,066,194	1,439,705
	4,164,509	4,698,403	56,609	100,583	4,221,118	4,798,986

Notes to the abbreviated financial statements

30 September 2003

14. Deferred taxation

Deferred taxation provided in the financial statements is as follows:

	2003 £	2002 £
Capital allowances in advance of depreciation	1,333,163	1,333,163

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

	2003 £	2002 £
Balance at start of year	1,333,163	1,260,073
Movement in year	(58,051)	73,090
Balance at end of year	1,275,112	1,333,163

15. Share capital

	2003 £	Allotted, called up and fully paid 2002 £
Ordinary shares of £1 each	100,000	100,000

Notes to the abbreviated financial statements

30 September 2003

16. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Revaluation Reserve £	Profit and Loss account £	Total £
At 30 September 2001	100,000	237,533	2,436,632	2,774,165
Profit for the year	-	-	174,096	174,096
Transfer between reserves	-	(237,533)	237,533	-
Dividend	-	-	(200,000)	(200,000)
At 30 September 2002	100,000	-	2,648,261	2,748,261
Profit for the year	-	-	17,318	17,318
At 30 September 2003	100,000	-	2,665,579	2,765,579

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

17. Operating lease commitments

At 30 September 2003, the company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Commitments under operating leases expiring:		
Within one year	62,492	78,341
In the second to fifth year	85,880	145,291
	<u>148,372</u>	<u>223,632</u>

18. Capital commitments

There was no capital expenditure authorised by the Board and contracted for at 30 September 2003 (2002 - £Nil).

19. Pension scheme

The company is a member of a Group Pension Scheme. On 1 December 2001 the Ballyvesey Group Pension Scheme became a fully paid up scheme and the Ballyvesey Group Personal Pension Scheme (a defined contribution scheme) was set up in its place. Details of the Group Scheme are disclosed in the accounts of Ballyvesey Holdings Limited, the ultimate parent company.

Contributions to the defined benefit Ballyvesey Group Pension Scheme were based on pension costs across the Group as a whole.

Contributions to the defined contribution Ballyvesey Group Personal Pension Scheme are charged as they become payable. The charge for the year was £5,063 (2002 - £7,844).

Notes to the abbreviated financial statements

30 September 2003

19. Pension scheme (continued)

In view of the significant changes arising from the change in mode of operation of the Ballyvesey Group Pension Scheme the directors of the ultimate parent undertaking and the company believe it is currently misleading and not appropriate to incur the costs required to comply with the disclosure requirements of Financial Reporting Standard No.17 "Retirement Benefits" ("FRS 17")

The company is required to comply fully with FRS 17 in its financial statements for the year ended 30 September 2006. However, for the purposes of FRS 17 the company treats the Ballyvesey Group Pension Scheme as if it were a defined contribution scheme on the grounds that the directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

Where FRS 17 is not being implemented in full, in the case of a defined benefit scheme being treated as a defined contribution scheme, the transitional arrangements of FRS 17 in respect of accounting periods ending on or after 22 June 2003 require the disclosure of any available information about the existence of the surplus or deficit in the scheme and the implications of that surplus or deficit for the employer. Such disclosure would be in addition to those provided under SSAP 24.

The directors have decided not to ask their actuaries to provide this information because they believe the costs of obtaining such information outweighs the benefit to shareholders. As a result, the directors have not provided the disclosure above in these financial statements

20. Contingent liabilities

The company has entered into agreements to buy back certain vehicles at various dates in the future at a cost of £120,000. The directors believe that the vehicles can be disposed of at a profit.

21. Cash flow statement

The company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary undertaking of a UK parent company which prepares a group cash flow statement.

22. Related party disclosures

The company has taken advantage of the exemption given in FRS 8 'Related Party Disclosures'. 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.

23. Ultimate parent company

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