

**ANDERSEN**

**ANC Rental Corporation (Holdings) Limited  
and subsidiary undertakings**

Annual report and financial statements  
for the year ended 31 December 2001

Registered number: 915008



## **Directors' report**

For the year ended 31 December 2001

The directors present their annual report, together with the financial statements and auditors' report for the year ended 31 December 2001.

### **Principal activity and results**

The principal activity of the group during the year was that of short term rental of motor vehicles and chauffeur driven car rental, under the trading names of National Car Rental, Alamo Rent A Car and Guy Salmon.

The group profit for the year after taxation was £10,296,000 (2000 – £2,051,000).

The group is firmly established as the market leader for UK short term rental and this continues to provide a base from which further opportunities and growth can be developed.

On 13 November 2001, the UK group's ultimate parent company (ANC Rental Corporation, a US company) filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code. This was as a consequence of the immediate impact of the September 11<sup>th</sup> terrorist incidents upon the airport related operations of the US rent a car industry. These petitions did not include any ANC operations outside the US. The protection of Chapter 11 is expected to allow the US business to reorganize its operations and finances. The US business has continued to trade throughout, and the operations of the UK group have been substantially unaffected.

The UK directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts. Further details are set out in the Statement of Accounting Policies.

### **Dividends**

No dividend was paid or proposed during the year (2000 – £nil).

### **Directors and their interests**

The directors who held office during the year and subsequently were as follows:

I Wardle

J S Leigh

At 31 December 2001, none of the directors had any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### Payments to suppliers

It is the group policy, in respect of the majority of suppliers, to agree the terms of payment with those suppliers when finalising overall contract terms. The group seeks to comply with the agreed payment terms whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed contracted terms and conditions.

The average number of days taken by the group to pay suppliers, including fleet vehicle suppliers, was 18 days (2000 – 17 days).

### Disabled people

It is group policy that each company gives full consideration to disabled people who make application for employment and equal opportunity for training and career development is given. Each company also endeavours to give continued employment to recently disabled employees.

### Employee involvement

The group is committed to employee involvement and uses a variety of methods to inform and consult its employees. Our Vision programme is committed to developing employee relationships and improving two-way communication.

Information is circulated by means of notices, bulletins, newsletters and team briefings to ensure all employees are fully aware of the performance of the group. The company's business strategy is summarised and communicated through the Vision programme.

Regular feedback on employee performance is also a feature of the Vision programme. The performance appraisal system reflects our organisation's values along with managers and employees discussing work performance, training and career development.

### Political and charitable contributions

The group made no political or charitable contributions in either year.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

James House  
55 Welford Road  
Leicester  
LE2 7AR

By order of the Board



J M Colton

Secretary

29 May 2002

## Directors' responsibilities

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 the group and of the profit or loss of the group 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 and the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**To the shareholders of ANC Rental Corporation (Holdings) Limited**

We have audited the financial statements of ANC Rental Corporation (Holdings) Limited which comprise the consolidated profit and loss account, balance sheets, consolidated statement of total recognised gains and losses and the related notes numbered 1 to 25.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. 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 opinion**

We conducted our audit in accordance with 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 circumstances of the company and of the group, 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.

## Independent auditors' report (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Four Brindleyplace

Birmingham

B1 2HZ

29 May 2002

# Consolidated profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
<b>Turnover</b>	1	204,848	190,141
Cost of sales		(100,431)	(94,197)
<b>Gross profit</b>		104,417	95,944
Distribution costs		(54,139)	(50,477)
Administrative expenses		(26,027)	(26,147)
<b>Operating profit</b>		24,251	19,320
Interest receivable	5	1,780	311
Interest payable	6	(15,449)	(17,580)
<b>Profit on ordinary activities before taxation</b>	2	10,582	2,051
Tax on profit on ordinary activities	7	(286)	-
<b>Profit on ordinary activities after taxation</b>	18	10,296	2,051

The movement on reserves is disclosed in note 18.

All turnover and operating profit arose from continuing activities.

# Consolidated statement of total recognised gains and losses

For the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit for the financial year	10,296	2,051
Currency translation differences on foreign currency investments	30	(7)
<b>Total recognised gains and losses relating to the year</b>	<b>10,326</b>	<b>2,044</b>

The accompanying notes are an integral part of these statements.

# Consolidated balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Tangible assets	9	221,659	230,179
Investments	10	50	-
		<u>221,709</u>	<u>230,179</u>
<b>Current assets</b>			
Stock	11	1,514	1,793
Debtors	12	82,320	74,230
Investments	13	618	638
Cash at bank and in hand		12,710	1,540
		<u>97,162</u>	<u>78,201</u>
<b>Creditors: Amounts falling due within one year</b>			
Vehicle backed finance		(203,174)	(203,469)
Other creditors		(100,956)	(109,302)
	14	<u>(304,130)</u>	<u>(312,771)</u>
<b>Net current liabilities</b>		<u>(206,968)</u>	<u>(234,570)</u>
<b>Total assets less current liabilities</b>		14,741	(4,391)
<b>Creditors: Amounts falling due after more than one year</b>	15	(18,268)	(13,587)
<b>Provisions for liabilities and charges</b>	16	(582)	(1,263)
<b>Net liabilities</b>		<u>(4,109)</u>	<u>(19,241)</u>
<b>Capital and reserves</b>			
Called-up share capital	17	77,229	77,229
Additional paid-up capital	18	25,117	25,117
Profit and loss account	18	(111,261)	(121,587)
<b>Shareholders' deficit (equity)</b>	19	(8,915)	(19,241)
<b>Minority interests (non-equity)</b>	20	4,806	-
<b>Total capital employed</b>		<u>(4,109)</u>	<u>(19,241)</u>

The financial statements were approved by the board of directors on 29 May 2002 and signed on its behalf by:

J S Leigh

Director

I Wardle

Director

The accompanying notes are an integral part of this consolidated balance sheet.



# Company balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Investments	10	<u>77,362</u>	<u>77,362</u>
<b>Current assets</b>			
Debtors	12	<u>6,009</u>	<u>6,009</u>
<b>Net current assets</b>		<u>6,009</u>	<u>6,009</u>
<b>Total assets less current liabilities</b>		<u>83,371</u>	<u>83,371</u>
<b>Net assets</b>		<u>83,371</u>	<u>83,371</u>
<b>Capital and reserves</b>			
Called-up share capital	17	77,229	77,229
Additional paid-up capital	18	25,117	25,117
Profit and loss account	18	<u>(18,975)</u>	<u>(18,975)</u>
<b>Shareholders' funds (all equity)</b>	19	<u>83,371</u>	<u>83,371</u>

The financial statements were approved by the board of directors on 29 May 2002 and signed on its behalf by:

J S Leigh

Director

I Wardle

Director

The accompanying notes are an integral part of this balance sheet.

## Statement of accounting policies

31 December 2001

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **Basis of preparation and going concern**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

On 13 November 2001, the UK group's ultimate parent company (ANC Rental Corporation, a US company) filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code with the US Bankruptcy Court in Wilmington, Delaware. These petitions did not include any ANC operations outside the US. The protection of Chapter 11 is expected to allow the US business to reorganise its operations and finances, under the protection of the Bankruptcy Court in respect of pre petition liabilities. The US business has continued to trade throughout.

The operations of the UK group have been substantially unaffected by the situation in the US, and the UK directors expect this to continue. In order to secure the independent financial position of the UK group, the UK directors have obtained a new bank overdraft facility of £20 million as a working capital facility. The UK group also continues to have the support of its largest vehicle finance providers.

The US parent has, with the approval of the US Bankruptcy Court, confirmed that no repayment of balances due to it by the UK group as at 13 November 2001, will be sought, and such amounts have been subordinated in favour of the UK overdraft lender and the UK vehicle finance providers. Receivables and payables arising from trading after 13 November 2001, will continue to be settled in the normal course of business.

The UK directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts.

### **Cashflow statement**

Under the provisions of Financial Reporting Standard No. 1 (Revised), the group has not prepared a cash flow statement as it is a wholly owned subsidiary of ANC Rental Corporation, whose publicly available financial statements include the results of this company and group.

### **Basis of consolidation**

The group financial statements consolidate the financial statements of ANC Rental Corporation (Holdings) Limited and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

## Statement of accounting policies (continued)

### Fixed assets and depreciation

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Freehold buildings are depreciated on a straight-line basis over their expected useful lives of fifty years. Freehold land is not depreciated. Leasehold properties are amortised on a straight-line basis over the life of the lease.

Fleet vehicles are capitalised at the price paid for them, after deducting all discounts received, and are depreciated by equal monthly instalments to write down the net cost to estimated residual value over the expected holding period which is six to twelve months for cars and twelve to twenty-four months for vans.

Depreciation on other fixed assets is computed to write off their costs on a straight-line basis over their expected useful lives as follows:

Plant and machinery, fixtures and fittings	3 to 10 years
Computer equipment	3 to 5 years

Residual value is calculated on prices prevailing at the date of acquisition, updated for subsequent market movements.

### Investments

Fixed asset investments are stated at cost less any provision for impairment. All listed investments are stated at market value. Investment income is accounted for on an accruals basis.

### Stocks

Stocks relate to petrol held for resale and are stated at the lower of cost and net realisable value.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### Leased assets

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet within tangible fixed assets as fleet vehicles and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Gross rentals arising on assets held under operating leases are charged to the profit and loss account in the period to which they relate. In the case of vehicle operating leases, the finance element of the rental is charged to interest payable with the balance of the rental charged to cost of sales to provide consistency of treatment with other methods of vehicle financing.

## Statement of accounting policies (continued)

### **Pension costs and other post-retirement benefits**

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either accruals or prepayments in the balance sheet.

The group also operates a personal pension plan for certain employees, differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate. Where possible, the company will take advantage of the group relief provisions to offset taxable profits against taxable losses arising in other group undertakings in the period. No payment is made in respect of the surrender of such losses.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

# Notes to the financial statements

31 December 2001

## 1 Segmental analysis

### Turnover

The analysis of turnover, substantially all of which arose from the principal activity, by geographical area is as follows:

	2001 £'000	2000 £'000
United Kingdom	195,101	181,768
Rest of Europe	9,337	8,104
Other	410	269
	<u>204,848</u>	<u>190,141</u>

### Profit and loss account

In the profit and loss account presented on page 6 interest payable includes finance charges payable in respect of finance leases and hire purchase contracts and also the finance element of operating lease payments. Since such charges relate principally to the company's vehicle fleet utilised in its day to day operations, the directors believe that a more appropriate classification of such vehicle related costs would be as cost of sales. Accordingly, the analysis below shows the effect of such a reclassification on an extract of the profit and loss account for the years ended 31 December 2001 and 2000, and eliminates the effect of exceptional income in both years.

	2001 £'000	Re- classification £'000	2001 Reclassified £'000	2000 Reclassified £'000
Turnover	204,848	-	204,848	190,141
Cost of sales	(100,431)	(13,423)	(113,854)	(109,401)
Gross profit	<u>104,417</u>	<u>(13,423)</u>	<u>90,994</u>	<u>80,740</u>
Distribution costs	(54,139)	-	(54,139)	(50,477)
Administrative expenses	(26,027)	(502)	(26,529)	(27,560)
Operating profit / (loss)	<u>24,251</u>	<u>(13,925)</u>	<u>10,326</u>	<u>2,703</u>
Interest receivable	1,780	-	1,780	311
Interest payable	(15,449)	13,047	(2,402)	(3,702)
Profit / (loss) on ordinary activities before taxation	<u>10,582</u>	<u>(878)</u>	<u>9,704</u>	<u>(688)</u>
Exceptional income			<u>878</u>	<u>2,739</u>
Profit on ordinary activities before taxation and after exceptional income			<u>10,582</u>	<u>2,051</u>

The above analysis is presented for information purposes only.

## Notes to the financial statements (continued)

### 2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2001 £'000	2000 £'000
Depreciation and amounts written off tangible fixed assets:		
- Owned	7,257	10,394
- Leased	36,172	39,524
Research and development:		
- Current year expenditure	1,695	139
Operating lease rentals:		
- Land and buildings	9,743	8,088
- Other leased assets (including vehicles)	2,471	1,752
Auditors' remuneration:		
- Audit	73	69
- Non-audit services	191	195
Exceptional items		
- Credited to cost of sales	(376)	(1,326)
- Credited to administrative expenses	(502)	(1,413)

The 1999 financial statements included charges for exceptional items of £13,567,000 of which £10,567,000 related to restructuring provisions (see note 16b). Of this total, £878,000 has been released to the profit and loss account in 2001 (2000 - £2,739,000) as the provisions are no longer required.

### 3 Remuneration of directors

	2001 £'000	2000 £'000
Emoluments	487	336

Emoluments represent those paid to two directors (2000 – two) by the group during the year.

#### *Pensions*

Two directors (2000 – two) were members of the pension scheme during the year.

## Notes to the financial statements (continued)

### 3 Remuneration of directors (continued)

#### Highest paid director

	2001 £'000	2000 £'000
Emoluments	<u>244</u>	<u>169</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2001 was £11,539 (2000 - £78,011).

### 4 Staff costs

The average monthly number of employees, including directors, was:

	Number of employees	
	2001	2000
Management	32	31
Clerical	275	245
Other	2,390	2,379
	<u>2,697</u>	<u>2,655</u>

Their aggregate payroll costs were as follows:

	2001 £'000	2000 £'000
Wages and salaries	40,259	36,906
Social security costs	3,366	3,089
Other pension costs	1,248	1,153
	<u>44,873</u>	<u>41,148</u>

### 5 Interest receivable and similar income

	2001 £'000	2000 £'000
Bank interest	91	48
Investment income	57	83
Group undertakings	1,632	180
	<u>1,780</u>	<u>311</u>

## Notes to the financial statements (continued)

### 6 Interest payable and similar charges

	2001 £'000	2000 £'000
Bank loans, overdrafts and other loans	779	2,002
Finance charges payable in respect of finance leases and hire purchase contracts	12,004	12,682
Finance element of operating leases	1,114	1,196
Parent and fellow subsidiary undertakings	1,552	1,700
	<u>15,449</u>	<u>17,580</u>

### 7 Taxation

	2001 £'000	2000 £'000
UK corporation tax	365	-
Advanced corporation tax	235	-
Adjustments in respect of prior years:		
- UK corporation tax	94	-
- Advanced corporation tax	(408)	-
	<u>286</u>	<u>-</u>

At 31 December 2001 the Group has approximately £15 million of taxable losses available for offset against future trading profits (2000 - £30 million).

### 8 Result attributable to ANC Rental Corporation (Holdings) Limited

The result for the year for ANC Rental Corporation (Holdings) Limited was £nil (2000 - £nil). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.



## Notes to the financial statements (continued)

### 9 Tangible fixed assets

<b>Group</b>	<b>Freehold land and buildings £'000</b>	<b>Short leasehold property £'000</b>	<b>Plant and machinery, fixtures and fittings £'000</b>	<b>Fleet vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January 2001	9,288	8,940	9,215	235,581	263,024
Additions	135	462	2,388	406,352	409,337
Disposals	(24)	(1,023)	(2,927)	(416,756)	(420,730)
Transfers	(15)	58	(43)	-	-
At 31 December 2001	<u>9,384</u>	<u>8,437</u>	<u>8,633</u>	<u>225,177</u>	<u>251,631</u>
<b>Depreciation</b>					
At 1 January 2001	1,158	4,317	5,908	21,462	32,845
Charge for year	143	1,083	1,582	40,621	43,429
Disposals	(24)	(1,023)	(2,923)	(42,332)	(46,302)
Transfers	2	16	(18)	-	-
At 31 December 2001	<u>1,279</u>	<u>4,393</u>	<u>4,549</u>	<u>19,751</u>	<u>29,972</u>
<b>Net book value</b>					
At 31 December 2001	<u>8,105</u>	<u>4,044</u>	<u>4,084</u>	<u>205,426</u>	<u>221,659</u>
At 31 December 2000	<u>8,130</u>	<u>4,623</u>	<u>3,307</u>	<u>214,119</u>	<u>230,179</u>

Freehold land at a cost of £3,755,000 (2000 - £3,729,000) has not been depreciated.

Included within fleet vehicles are assets held under finance leases with a net book value of £187,616,000 (2000 - £192,253,000).

Included within plant and machinery, fixtures and fittings are assets held under finance leases with a net book value of £15,000 (2000 - £27,000).

#### Company

The company has no fixed assets (2000 - £nil).

# Notes to the financial statements (continued)

## 10 Fixed asset investments

### Group

2001	2000
£'000	£'000

### Cost and net book value

At 1 January 2001 and 31 December 2001

50	-
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In the opinion of the directors, the value of the investment is not less than the value recorded in the financial statements. The investment was recorded as a current asset in the prior year.

	Principal activity	Holding	%
ANC Marketing Services Middle East Limited	Franchising of vehicle rental systems in the Middle East	50,000 £1 ordinary shares	25

The above company is registered in the British Virgin Islands.

### Company

### Subsidiary undertakings

2001	2000
£'000	£'000

At cost

77,362	77,362
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## Notes to the financial statements (continued)

### 10 Fixed asset investments (continued)

The parent company holds investments in the following subsidiary undertakings:

	Country of incorporation (if not England & Wales)	Principal activity	Holding	%
ANC Rental Corporation (Group) PLC*		Holding company	74,026,762 £1 ordinary shares	100
ANC Rental Corporation Limited		Holding company	649,238,158 5p ordinary shares	100
ANC Rental Corporation (Properties) Limited		Property holding company	30,000,100 £1 ordinary shares	100
ANC Rental Corporation (Insurances) Limited	Guernsey	Insurance and reinsurance	250,000 £1 ordinary shares	100
ANC Rental Corporation (UK) Limited		Vehicle rental	30,001,000 £1 ordinary shares	100
Republic Industries Automotive Rental Group (Holland) BV	Holland	Vehicle rental	4,002 NLG10 ordinary shares	100
ANC Rental Corporation (Franchising) Limited		Franchising of vehicle rental systems	8,000 £1 ordinary shares	100
Provincial Assessors Limited		Accident damage assessment	2 £1 ordinary shares	100
Provincial Securities Limited		Dormant	4 £1 ordinary shares	100
Diplema 272 Limited		Dormant	2 £1 ordinary shares	100
Diplema 274 Limited		Dormant	2 £1 ordinary shares	100
ANC Rental Pension Scheme Trustees Limited		Trustee for ANC Rental Pension Scheme	2 £1 ordinary shares	100
Diplema Spain SA	Spain	Dormant	2 £1 ordinary shares	100

\*denotes directly held the company

All subsidiary undertakings have been included in the consolidation.

## Notes to the financial statements (continued)

### 11 Stock

	2001	2000
Group	£'000	£'000
Petrol for resale	<u>1,514</u>	<u>1,793</u>

#### Company

The company has no stocks (2000 - £nil).

In the opinion of the directors, there is no material difference between the replacement cost and balance sheet value of stocks.

### 12 Debtors

	2001	2000
Group	£'000	£'000
Trade debtors	35,776	32,632
Amounts owed by fellow subsidiary undertakings	25,161	19,436
Other debtors	2,462	2,655
Prepayments and accrued income	<u>18,921</u>	<u>19,507</u>
	<u>82,320</u>	<u>74,230</u>

#### Company

	2001	2000
	£'000	£'000
Amounts owed by fellow subsidiary undertakings	<u>6,009</u>	<u>6,009</u>

### 13 Investments

	2001	2000
Group	£'000	£'000
Listed investments at market value	618	588
Unlisted investment	<u>-</u>	<u>50</u>
	<u>618</u>	<u>638</u>

The unlisted investment has been reclassified as a fixed asset in the current year.

#### Company

The company has no investments (2000 - £nil).

## Notes to the financial statements (continued)

### 14 Creditors: Amounts falling due within one year

Group	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts (secured)	203,174	203,469
Bank loans and overdrafts	43	4,614
Loan notes	1,641	5,673
Trade creditors	28,077	25,698
Amounts owed to parent and fellow subsidiary undertakings (note 15)	52,878	61,788
Taxation and social security	1,425	1,229
Other creditors	482	695
Accruals and deferred income	16,410	9,605
	<u>304,130</u>	<u>312,771</u>

Obligations under finance leases and hire purchase contracts are secured principally on the assets to which they relate, with a charge also having been granted over the other assets of the relevant UK group undertaking.

The loan notes referred to above are floating rate guaranteed unsecured loan notes repayable in the year 2003, with holders having the option to redeem the notes, in whole or in part at half yearly intervals, commencing on 31 August 1998. Interest is added to the loan notes, calculated at 0.5% below the LIBOR pre 1 February 2001 and 1.5% above LIBOR post 1 February 2001, for six month sterling deposits for £1,000,000 in the London Interbank Market.

#### Company

The company has no creditors due within one year (2000 - £nil).

### 15 Creditors: Amounts falling due after more than one year

Group	2001 £'000	2000 £'000
Amounts owed to parent undertakings	<u>18,268</u>	<u>13,587</u>

At year end the net amounts owed by the company and its UK incorporated subsidiaries to the US group were approximately £39 million, substantially all of which represented pre petition liabilities.

Subsequent to the year end, pre petition liabilities due to the US group by the company and its UK incorporated subsidiaries, were subordinated in favour of the UK overdraft and vehicle finance providers, with the approval of the US Bankruptcy Court. It was also confirmed that repayment of these balances will not be sought without the approval of the UK finance providers while any amounts are owed to them by the UK group.

#### Company

The company has no creditors due after more than one year (2000 - £nil).

## Notes to the financial statements (continued)

### 16 Provisions for liabilities and charges

#### a) *Deferred tax*

The deferred tax provision/(unrecognised asset) comprised:

	Provided		Unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
<b>Group</b>				
Accelerated capital allowances	1,800	4,800	-	-
Other timing differences	(564)	(380)	-	-
ACT recoverable	(557)	(3,224)	-	-
Taxable losses	(679)	(1,196)	(3,821)	(7,804)
	<u>-</u>	<u>-</u>	<u>(3,821)</u>	<u>(7,804)</u>

#### b) *Restructuring*

<b>Group</b>	£'000
At 1 January 2001	(1,263)
Utilised during the year	305
Released to profit and loss account (see note 2)	376
At 31 December 2001	<u>(582)</u>

#### **Company**

The Company had no provisions for liabilities and charges at either year end.

### 17 Called-up share capital

	2001 £'000	2000 £'000
<i>Authorised:</i>		
78,000,000 ordinary shares of £1 each	<u>78,000</u>	<u>78,000</u>
<i>Allotted, called-up and fully-paid:</i>		
77,228,628 ordinary shares of £1 each	<u>77,229</u>	<u>77,229</u>

# Notes to the financial statements (continued)

## 18 Reserves

Group	Additional paid-up capital £'000	Profit and loss account £'000	Total £'000
At beginning of year	25,117	(121,587)	(96,470)
Profit for the financial year	-	10,296	10,296
Currency translation differences	-	30	30
At end of year	<u>25,117</u>	<u>(111,261)</u>	<u>(86,144)</u>

Company	Additional paid-up capital £'000	Profit and loss account £'000	Total £'000
At beginning and end of year	<u>25,117</u>	<u>(18,975)</u>	<u>6,142</u>

## 19 Reconciliation of movements in shareholders' deficit

	2001 £'000	2000 £'000
<b>Group</b>		
Profit for the financial year	10,296	2,051
Currency translation differences	30	(7)
Issue of ordinary share capital	-	30,000
Opening shareholders' deficit	<u>(19,241)</u>	<u>(51,285)</u>
Closing shareholders' deficit	<u>(8,915)</u>	<u>(19,241)</u>
<b>Company</b>		
Issue of ordinary share capital	-	30,000
Opening shareholders' funds	<u>83,371</u>	<u>53,371</u>
Closing shareholders' funds	<u>83,371</u>	<u>83,371</u>

## Notes to the financial statements (continued)

### 20 Minority interests

	Non-equity £'000	Total £'000
Issue of redeemable preference shares	4,806	4,806
At 31 December 2001	<u>4,806</u>	<u>4,806</u>

Non-equity minority interests comprise 11,140,025 6% cumulative redeemable preference shares of CAN \$1 each in ANC Rental Corporation (UK) Limited, a subsidiary undertaking, issued on 31 December 2001. The shares do not entitle the holders to any rights against other group companies and are redeemable at any time at par, subject to written notice.

### 21 Financial commitments

(i) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2001 £'000	2000 £'000
Authorised and contracted for:		
- vehicles	<u>109,000</u>	<u>64,776</u>

A subsidiary undertaking has an informal arrangement with certain motor dealers that for every used vehicle sold to the dealer, it will acquire a new vehicle at a later date.

(ii) Annual commitments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Operating leases which expire:				
- within one year	3,350	842	633	301
- between two and five years	3,035	3,763	1,142	2,282
- over five years	<u>3,589</u>	<u>2,925</u>	<u>-</u>	<u>-</u>
	<u>9,974</u>	<u>7,530</u>	<u>1,775</u>	<u>2,583</u>



## Notes to the financial statements (continued)

### 21 Financial commitments (continued)

Company	Land and buildings	
	2001 £'000	2000 £'000
Operating leases which expire:		
- within one year	177	-
- between two and five years	43	288
- over five years	505	523
	<u>725</u>	<u>811</u>

The above operating leases are for properties occupied by a subsidiary undertaking of the company. The lease expense related to these properties is incurred by the subsidiary undertaking.

### 22 Pension scheme

The group operates a funded defined benefit pension scheme known as the ANC Rental Pension Scheme ("the Scheme"). The cost of the Scheme to the Group in 2001 was £899,000 (2000 - £951,000).

The group provides pension arrangements to certain full time employees through the Scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

The most recent actuarial valuation of the Scheme was carried out as at 1 January 2000 by qualified actuaries employed by William M. Mercer Limited. At the valuation date, the total market value of the Scheme's assets was £16.5 million. The results of the valuation showed that the assets held were more than sufficient to cover the liabilities of the Scheme in respect of completed service on the funding basis. The directors expect the cost of the Scheme to the Group in 2002 to be of a similar amount to 2001.

The actuarial valuation described above has been updated at 31 December 2001 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

Rate of increase in salaries	3.7%
Rate of increase in pensions payment	3.0%
Discount rate	5.7%
Inflation assumption	2.2%

## Notes to the financial statements (continued)

### 22 Pension scheme (continued)

The fair value of the assets in the scheme and the present value of the liabilities in the scheme at the balance sheet date were:

	2001 £'000
Equities	11,840
Bonds	1,608
Property	160
Cash and current assets	1,009
Total fair value of assets	14,617
Present value of scheme liabilities	(12,171)
Surplus in the scheme	2,446
Related deferred tax liability	(734)
Net pension asset	1,712

The contribution rate for 2001 was 18.0% of pensionable earnings and the agreed contribution rate for next year is 18.5% of pensionable earnings excluding the cost of the insured death-in-service benefits and administration expenses.

The company also operates a defined contribution Group Personal Pension Plan for which the pension cost charge for the year amounted to £349,000 (2000 - £202,000).

### 23 Contingent liabilities

The company, along with certain other UK group undertakings, have entered into cross guarantees in respect of the new £20 million overdraft facility which was obtained post year end.

In addition, the company has guaranteed certain vehicle finance obligations of a subsidiary undertaking.

The directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the company or the group.

## Notes to the financial statements (continued)

### **24 Ultimate parent company and controlling party**

The group's ultimate parent company and controlling party, and the parent company of both the largest and smallest group to consolidate the results of the group, is ANC Rental Corporation, a company registered in the United States of America.

Copies of the consolidated financial statements for ANC Rental Corporation for the period ended 31 December 2001 are available from The Secretary, ANC Rental Corporation (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR.

### **25 Related party transactions**

The group has taken advantage of the exemption in Financial Reporting Standard No. 8 which allows non-disclosure of transactions with group companies where more than 90% of the share capital of the companies is commonly owned, as the consolidated financial statements of ANC Rental Corporation, in which the results of the group are included, are publicly available.