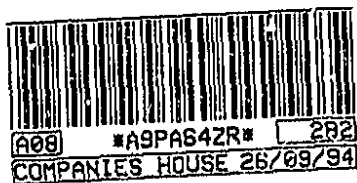


Alamo Rent A Car (UK) Limited

Directors' report and financial statements

31 December 1993

Registered number 915008



Alamo Rent A Car (UK) Limited

Directors' report and financial statements

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Alamo Rent A Car (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1993.

Review of the business

The principal activity of the company during the year was that of self-drive and chauffeur-drive car rental.

The profit for the year retained in the company is £3,000,000 (1992: £2,790,000 loss).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs and 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;
- 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 maintaining 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.

Proposed dividend

The directors do not recommend the payment of a dividend.

Fixed assets

The movements in fixed assets are as shown in note 8 to the financial statements.

Alamo Rent A Car (UK) Limited

Directors' report (continued)

Directors and directors' interests

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

W MacDonald Clark

EJ Morse

CD Platt

RY Bledsoe

DM Pennington

(resigned 2 April 1993)

According to the register kept by the company, no director had any disclosable interest in the shares of the company or any group undertaking during the year.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group undertaking were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Employees

The company has continued its policy to hold "family member" meetings with all employees. These meetings are designed to allow employees to freely express points of concern or interest. All such points are followed up and detailed reports made.

The company gives full and fair consideration to applications for employment with the company made by disabled persons, having regard to their particular aptitudes and abilities. Where employees become disabled during a period when they have been employed by the company, it is the company's policy to continue their employment where appropriate and arrange for the necessary training.

Political and charitable contributions

The company made no political contributions during the year. Charitable contributions were £463.

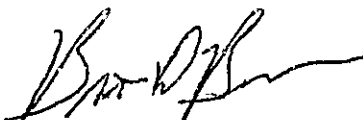
Alamo Rent A Car (UK) Limited

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



B Burns
Assistant Secretary

17 Queen Square
London
WC1N 3RN

11 | 2 1994

Report of the auditors to the members of Alamo Rent A Car (UK) Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG *[Signature]*

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

16th February, 1994

Alamo Rent A Car (UK) Limited

Profit and loss account
for the year ended 31 December 1993

	Note	1993 £000	1992 (restated) £000
Turnover	1	37,593	28,098
Cost of sales		(20,621)	(17,648)
Gross profit		16,972	10,450
Administrative expenses		(10,114)	(8,649)
Operating profit		6,858	1,801
Interest receivable and similar income	5	12	54
Interest payable and similar charges	6	(3,870)	(4,645)
Retained profit/(loss) on ordinary activities before and after taxation	2	3,000	(2,790)
Retained loss brought forward		(11,940)	(9,150)
Retained loss carried forward		(8,940)	(11,940)

All recognised gains and losses for the year are included in the profit and loss account.

Alamo Rent A Car (UK) Limited

Balance sheet
at 31 December 1993

	Note	1993 £000	1992 £000
Fixed assets			
Tangible assets	8	1,505	2,211
Current assets			
Hire vehicles	9	35,282	29,486
Stocks of consumables		125	37
Debtors	10	9,758	9,434
Cash at bank and in hand		-	659
		<u>45,165</u>	<u>39,615</u>
Creditors: amounts falling due within one year	11	(46,808)	(43,845)
Net current liabilities		(1,643)	(4,229)
Total assets less current liabilities		(138)	(2,018)
Creditors: amounts falling due after more than one year	12	5,600	6,720
Capital and reserves			
Called up share capital	13	3,202	3,202
Profit and loss account		(8,940)	(11,940)
		<u>(5,738)</u>	<u>(8,738)</u>
		<u>(138)</u>	<u>(2,018)</u>

These financial statements were approved by the board of directors on 11th February 1994 and were signed on its behalf by:

CD Platt
Director

Alamo Rent A Car (UK) Limited

Cash flow statement for the year ended 31 December 1993

	Note	1993 £000	1992 £000
Net cash inflow/(outflow) from operating activities	16	1,065	(12,407)
Return on investments and servicing of finance			
Interest received	12		54
Interest paid	(908)		(993)
Interest element of finance lease rental payments	(2,962)		(3,652)
Net cash outflow from returns on investment and servicing of finance		(3,858)	(4,591)
Investing activities			
Purchase of tangible fixed assets	(238)		(695)
Sale of tangible fixed assets	383		182
Net cash inflow/(outflow) from investing activities		145	(513)
Net cash outflow before financing		(2,647)	(17,511)
Financing			
New short term loans	18	-	902
Inception of new finance leases and similar hire purchase contracts	18	98,387	107,596
Capital repaid under lease agreements	18	(99,217)	(89,160)
Capital repaid to group companies	18	(1,000)	-
Net cash inflow/(outflow) from financing		(1,830)	19,338
(Decrease)/increase in cash and cash equivalents	17	(4,477)	1,827

Alamo Rent A Car (UK) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade. Alamo Rent A Car Inc, an affiliate of the holding company, has indicated that it will make sufficient funds available to ensure that the company will be able to trade for the foreseeable future.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings (under 50 years)	-	10% per annum
Computer equipment	-	25% per annum
Plant, fixtures and fittings	-	20% per annum
Motor vehicles	-	at such a rate that will write the assets down to their net realisable values by the end of their useful lives.

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.

Leases

Where the company 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 or hire 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.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Alamo Rent A Car (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Hire vehicles

These comprise motor vehicles for hire to the public which are normally held for a period of less than one year. They are included in the accounts at cost less depreciation at such a rate that will write the assets down to their net realisable values by the end of their useful lives.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Profits and losses on disposal of vehicles are treated as forming part of the cost of sales. In 1992, such profits and losses were included in turnover. Turnover and cost of sales for the 1992 comparatives have therefore been restated; as originally stated in the company's financial statements for the year ended 31 December 1992 the amounts for these items were £28,929,000 and £18,479,000 respectively.

Alamo Rent A Car (UK) Limited

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

	1993 £000	1992 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	51	50
Other services	86	62
Depreciation and other amounts written off tangible fixed assets:		
Owned	364	324
Leased	231	311
Rentals payable under operating leases in respect of land and buildings	1,117	1,214
Loss on disposal of fixed assets	34	25

3 Remuneration of directors

	1993 £000	1992 £000
Directors' emoluments:		
As executives	195	112
Compensation for loss of office as executive	30	-
	<u>225</u>	<u>112</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1992:£nil) and those of the highest paid director were £173,000 (1992:£74,000).

The emoluments, excluding pension contributions, of all directors were within the following ranges:

	Number of directors	
	1993	1992
£0 - £ 5,000	3	3
£35,001 - £40,000	-	1
£50,001 - £55,000	1	-
£70,001 - £75,000	-	1
£170,001 - £175,000	1	-
	<u>5</u>	<u>5</u>

Alamo Rent A Car (UK) Limited

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1993	1992
Management	51	46
Clerical	62	72
Other	493	393
	<u>606</u>	<u>511</u>

The aggregate payroll costs of these persons were as follows:

	1993	1992
	£000	£000
Wages and salaries	7,448	6,277
Social security costs	775	601
Other pension costs	4	4
	<u>8,227</u>	<u>6,882</u>

Other pension costs represent contributions made to employees' personal pension plans.

5 Interest receivable and similar income

	1993	1992
	£000	£000
Bank interest receivable	<u>12</u>	<u>54</u>

Alamo Rent A Car (UK) Limited

Notes (continued)

6 Interest payable and similar charges

	1993 £000	1992 £000
On bank loans, overdrafts and other loans wholly repayable within five years	288	270
Finance charges payable in respect of finance leases and hire purchase contracts	2,962	3,652
Interest payable to parent and fellow subsidiary undertakings	620	723
	<u>3,870</u>	<u>4,645</u>

7 Taxation

The corporation tax charge for the year is £nil (1992:£nil). As at 31 December 1993 the company had trading losses for tax purposes available for offset against future trading profits.

Alamo Rent A Car (UK) Limited

Notes (continued)

8 Tangible fixed assets

	Short leasehold property	Computer equipment	Plant fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	1,339	740	805	978	3,862
Additions	153	48	37	-	238
Disposals	(48)	-	-	(589)	(637)
At end of year	1,444	788	842	389	3,463
<i>Depreciation and diminution in value</i>					
At beginning of year	402	440	461	348	1,651
Charge for year	146	149	119	181	595
On disposals	(15)	-	-	(273)	(288)
At end of year	533	589	580	256	1,958
<i>Net book value</i>					
At 31 December 1993	911	199	262	133	1,505
At 31 December 1992	937	300	344	630	2,211

Included in the total net book value of motor vehicles is £133,000 (1992: £630,000) in respect of assets held under finance leases and similar hire purchase agreements. Depreciation for the year on these assets was £182,000 (1992: £248,000). The net book value of computer equipment includes £53,000 (1992: £188,000) in respect of assets held under finance leases. Depreciation charged in the year on these assets was £49,000 (1992: £93,000).

9 Hire vehicles

Hire vehicles represents cars held for rental to customers and includes £30,279,000 (1992: £26,840,000) in respect of assets held under finance leases and similar hire purchase agreements.

Alamo Rent A Car (UK) Limited

Notes (continued)

10 Debtors due within one year

	1993 £000	1992 £000
Trade debtors	6,376	5,356
Other debtors	2,300	2,668
Prepayments and accrued income	1,082	1,410
	<u>9,758</u>	<u>9,434</u>

Other debtors include £61,000 (1992:£nil) in respect of amounts owed by fellow subsidiary undertakings.

11 Creditors: amounts falling due within one year

	1993 £000	1992 £000
Bank loans and overdrafts	5,938	2,120
Obligations under finance leases and hire purchase contracts (see note 12)	30,480	31,190
Trade creditors	435	453
Amounts owed to parent and fellow subsidiary undertakings	2,979	3,591
Other creditors including taxation and social security:		
Other taxes and social security	170	406
Other creditors	<u>4,697</u>	<u>3,322</u>
	4,867	3,728
Accruals and deferred income	<u>2,109</u>	<u>2,763</u>
	<u>46,808</u>	<u>43,845</u>

Alamo Rent A Car (UK) Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year

	1993 £000	1992 £000
Obligations under finance leases and hire purchase contracts	-	120
Amounts owed to parent and fellow subsidiary undertakings	5,600	6,600
	<u>5,600</u>	<u>6,720</u>

The maturity of obligations under finance leases and hire purchase contracts, net of future finance charges is as follows:

	1993 £000	1992 £000
Within one year	30,480	31,190
Within two to five years	-	120
	<u>30,480</u>	<u>31,310</u>

13 Called up share capital

	1993 £000	1992 £000
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	5,000	5,000
<i>Allotted, called up and fully paid</i>		
3,201,868 ordinary shares of £1 each	3,202	3,202

Alamo Rent A Car (UK) Limited

Notes (continued)

14 Commitments

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

	1993 £000	1992 £000
Contracted	4	30
Authorised but not contracted		30
	<u>4</u>	<u>60</u>

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

	1993		1992	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	72	42	52	38
In the second to fifth years inclusive	373	52	455	-
Over five years	535	-	967	-
	<u>980</u>	<u>94</u>	<u>1,474</u>	<u>38</u>

15 Reconciliation of movement in shareholders funds

	£000
Shareholders' deficit at 1 January 1993	(8,738)
Profit for the year	3,000
Shareholders' deficit at 31 December 1993	<u>(5,738)</u>

Alamo Rent A Car (UK) Limited

Notes (continued)

16 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1993 £000	1992 £000
Operating profit	6,658	1,801
Depreciation charge	595	665
(Profit)/loss on sale of tangible fixed assets	(34)	25
Increase in hire vehicles	(5,796)	(16,008)
Increase in stocks	(88)	(16)
Increase in debtors	(324)	(3,394)
Increase/(decrease) in creditors	(145)	4,520
Net cash inflow/(outflow) from operating activities	1,066	(12,407)

17 Analysis of changes in cash and cash equivalents

	Cash £000	Overdraft £000	Net £000
Balance at 31 December 1991	33	(3,321)	(3,288)
Net cash inflow	626	1,201	1,827
Balance at 31 December 1992	659	(2,120)	(1,461)
Net cash inflow/(outflow)	(659)	(3,818)	(4,477)
Balance at 31 December 1993	-	(5,938)	(5,938)

Alamo Rent A Car (UK) Limited

Notes (continued)

18 Analysis of changes in financing during the year

	Share capital (including premium)	Loans from parent and fellow subsidiary undertakings	Finance lease obligations
	£000	£000	£000
Balance at 31 December 1991	3,202	5,698	12,874
Cash inflow from financing	-	902	-
Inception of finance lease contracts	-	-	107,596
Capital repaid under lease agreements	-	-	(89,160)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1992	3,202	6,600	31,310
Inception of finance lease and similar hire purchase contracts	-	-	98,387
Capital repaid under lease agreements	-	-	(99,217)
Capital repaid to group undertakings	-	(1,000)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 1993	3,202	5,600	30,480

19 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Guy Salmon USA Ltd, a limited partnership registered in the United States of America. Guy Salmon USA Ltd is also the ultimate parent undertaking.