

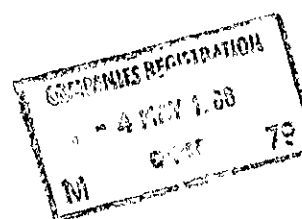
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GUY SALMON SERVICE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1987

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GUY SALMON SERVICE LIMITED

REPORT OF THE DIRECTORS

CHAIRMAN

E.W. Morley

DIRECTORS

W.M. Buckingham (Managing)  
D.H. Barnes  
J.L. Budd  
W.A. Gamble  
G.F. Salmon  
D.N. Tregarthen  
A.E. Wilding

SECRETARY

J.L. Budd

REGISTERED OFFICE

Brook House, Portsmouth Road  
Thames Ditton, Surrey.

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements of the company for the seventeen months ended 31 December 1987.

DIVIDENDS

The directors do not recommend the payment of a dividend. The loss is to be deducted from reserves.

REVIEW OF THE BUSINESS

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

On 25 February 1987 the entire share capital of the holding company was acquired by Mercantile Credit Company Limited.

The directors are pleased to report that 1986/87 has been the most profitable period in the company's history and this growth is expected to continue in the future.

The profit before tax for the seventeen months amounted to £2,784,258 compared with £1,257,145 for the previous year.

## GUY SALMON SERVICE LIMITED

## REPORT OF THE DIRECTORS (Continued)

## FIXED ASSETS

The movements in fixed assets are as shown in note 2 to the financial statements.

## DIRECTORS

G.F. Salmon and R.G. Salmon resigned from the board on 25 February 1987. G.F. Salmon was reappointed and W.A. Gamble and E.W. Morley were appointed on that date. D.H. Barnes and J.L. Budd were appointed to the board on 1 January 1988. The other directors were all members of the board throughout the year.

## DIRECTORS' INTERESTS

None of the directors has, or has had, a direct interest in the shares of the company.

None of the directors had an interest in the share capital of the ultimate holding company except E.W. Morley whose interests are shown in the financial statements of Guy Salmon Limited.

## AUDITORS

Menzies Middleton Hawkins & Co. resigned on 8 May 1987 and Deloitte Haskins & Sells were appointed on that date. Deloitte Haskins & Sells have expressed their willingness to continue in office as auditors and in accordance with Section 384 of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the annual general meeting.

By order of the Board



J.L. BUDD  
Secretary  
8 February 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF  
GUY SALMON SERVICE LIMITED

We have audited the financial statements on pages 4 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1987 and of its results and source and application of funds for the seventeen months then ended, and comply with the Companies Act 1985.

*Deloitte Haskins & Sells.*

Deloitte Haskins & Sells  
Chartered Accountants  
London

8 February 1988

## GUY SALMON SERVICE LIMITED

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## BALANCE SHEET

31 DECEMBER 1987

		31 December 1987	31 July 1986
	Note	£	£
FIXED ASSETS			
Tangible	2	11,596,554	9,178,841
CURRENT ASSETS			
Debtors	3	3,374,293	2,168,821
Bank balances and cash		105,570	76,305
		<u>3,479,863</u>	<u>2,245,126</u>
CREDITORS: amounts falling due within one year	4	<u>8,741,854</u>	<u>6,815,208</u>
NET CURRENT LIABILITIES		(5,261,991)	(4,570,082)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,334,563	4,608,759
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	5	1,832,882	-
		<u>4,501,681</u>	<u>4,608,759</u>
CAPITAL AND RESERVES			
Called up share capital	6	250,000	250,000
Profit and loss account	7	4,251,681	4,358,759
		<u>4,501,681</u>	<u>4,608,759</u>

The financial statements on pages 4 to 15 were approved by the Board of Directors on 8 February 1988.

E.W. Morley

W.A. Gamble

) Directors

GUY SALMON SERVICE LIMITED  
PROFIT AND LOSS ACCOUNT

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SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Note	Seventeen months ended 31 December 1987 £	Year ended 31 July 1986 £
TURNOVER		20,168,382	9,334,680
Cost of sales		<u>11,434,807</u>	<u>5,151,156</u>
GROSS PROFIT		8,733,575	4,183,524
Administrative expenses		<u>5,361,949</u>	<u>2,584,629</u>
OPERATING PROFIT		3,371,626	1,598,895
Interest receivable		38,712	-
Interest payable	8	<u>(626,080)</u>	<u>(341,750)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	2,784,258	1,257,145
Taxation on profit on ordinary activities: charge (credit)	10	<u>2,891,336</u>	<u>(1,525,000)</u>
(LOSS) RETAINED PROFIT FOR THE PERIOD	7	<u><u>(107,078)</u></u>	<u><u>2,782,145</u></u>

## GUY SALMON SERVICE LIMITED

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE  
SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Seventeen Months ended 31 December 1987		Year ended 31 July 1986	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		2,784,258		1,257,145
Items not involving the movement of funds				
Depreciation	1,407,579		765,792	
Loss on disposal of fixed assets	<u>11,645</u>	<u>1,419,224</u>	<u>-</u>	<u>765,792</u>
TOTAL GENERATED FROM OPERATIONS		4,203,482		2,022,937
FUNDS FROM OTHER SOURCES				
Sale of tangible assets		27,422,258		6,223,057
		<u>31,625,740</u>		<u>8,245,994</u>
APPLICATION OF FUNDS				
Purchase of tangible assets		<u>31,259,195</u>		<u>8,135,145</u>
		<u>366,545</u>		<u>110,849</u>
INCREASE (DECREASE) IN WORKING CAPITAL				
Debtors	1,114,223		462,534	
Intra group balances	(1,381,593)		(77,656)	
Loans	1,492,470		2,364,091	
Creditors	<u>(569,162)</u>		<u>(917,634)</u>	
		655,938		1,831,335
MOVEMENT IN NET LIQUID FUNDS				
Net cash and bank balances	29,265		3,372	
Bank overdraft	<u>(318,658)</u>		<u>(1,723,858)</u>	
		(289,393)		(1,720,486)
		<u>366,545</u>		<u>110,849</u>

## NOTES TO THE FINANCIAL STATEMENTS

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 1. ACCOUNTING POLICIES

## a) Accounting convention

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year except for the policy relating to finance leases, which has been changed in accordance with SSAP21. All principal accounting policies are set out below.

## b) Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on all timing differences between the accounting and taxation treatment of income and expenses, except where, in the opinion of the directors no liability to taxation is expected to arise in the foreseeable future.

## c) Depreciation

Depreciation is charged on the tangible assets at the following rates, which are expected to reduce the assets to their net realisable values over their estimated useful lives.

Leasehold property (under 50 years)	25% per annum on net book value
Plant, fixtures and fittings	20% per annum on net book value
Motor vehicles for hire to the public	At such a rate that will write the assets down to their net realisable values by the end of their useful lives.
Computer equipment	20% per annum on net book value

## d) Turnover

Turnover is calculated net of value added tax and trade discounts and represents the invoiced value of goods sold and services supplied during the period.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

1. ACCOUNTING POLICIES (Continued)

e) Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the asset which approximates to the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the following method. The company enters into flexible leases and so the minimum lease payments payable during the lease term are estimated, based on expected sale dates, for the purpose of calculating interest to be charged to the profit and loss account using the annuity method.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 2. TANGIBLE ASSETS

	Leasehold Property £	Computer Equipment £	Plant Fixtures and Fittings £	Motor Vehicles £	Total £
<b>COST</b>					
1 August 1986 (as revised)	133,984	123,834	216,835	9,928,523	10,403,176
Additions	148,265	296,490	113,558	30,700,882	31,259,195
Disposals	-	-	(2,480)	(28,670,031)	(28,672,511)
Items scrapped	-	-	(8,045)	-	(8,045)
31 December 1987	<u>282,249</u>	<u>420,324</u>	<u>319,868</u>	<u>11,959,374</u>	<u>12,981,815</u>
<b>DEPRECIATION</b>					
1 August 1986 (as revised)	84,448	53,105	113,070	973,712	1,224,335
Charged	35,935	23,465	46,193	1,301,986	1,407,579
Released on disposal	-	-	(1,309)	(1,248,944)	(1,250,253)
Write back on items scrapped	-	-	3,600	-	3,600
31 December 1987	<u>120,383</u>	<u>76,570</u>	<u>161,554</u>	<u>1,026,754</u>	<u>1,385,261</u>
<b>NET BOOK VALUE</b>					
1 August 1986	49,536	-	174,494	7,499,660	7,723,690
Adjustment (see below)	-	70,729	(70,729)	1,455,151	1,455,151
1 August 1986 (as revised)	<u>49,536</u>	<u>70,729</u>	<u>103,765</u>	<u>8,954,811</u>	<u>9,178,841</u>
31 December 1987	<u>161,866</u>	<u>343,754</u>	<u>158,314</u>	<u>10,932,620</u>	<u>11,596,554</u>

The company has changed its accounting policy as from 1 August 1986 regarding the treatment of leased assets in its financial statements. In accordance with SSAP 21 the cost and depreciation on leased assets at 1 August 1986 have been included above as an adjustment to the net book value at 1 August 1986.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

PERIOD ENDED 31 DECEMBER 1987

## 2. TANGIBLE ASSETS (Continued)

The corresponding obligations under finance leases at 31 July 1986 comprise the net book value of leased assets at 1 August 1986, together with the motor vehicle lease settlements previously included in creditors and the lease payments in advance previously included in debtors at 1 August 1986. This figure is considered to be equivalent to the lease obligation which would have been due at 31 July 1986 had SSAP 21 been applied in the year ended 31 July 1986. The net book value of leased assets included under motor vehicles at 31 December 1987 is £1,363,840. An adjustment has also been made to show computer equipment costs separately from other plant.

The estimated lives and residual values of motor vehicles for hire to the public are reviewed by the directors on a regular basis and adjustments are made to the charge for depreciation when considered appropriate.

No depreciation has been provided in the accounts in respect of £79,872 additions to leasehold property and £282,442 additions to computer equipment as the relevant assets had not been brought into full use at 31 December 1987.

## 3. DEBTORS

	31 December 1987 £	31 July 1986 £
Trade debtors	2,145,321	1,670,293
Other debtors	860,792	197,337
Prepayments and accrued income	179,090	203,350
Amounts owed by fellow subsidiary company	189,090	97,841
	<u>3,374,293</u>	<u>2,168,821</u>

## GUY SALMON SERVICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 4. CREDITORS: Amounts falling due within one year

	31 December 1987 £	31 July 1986 £
Loan	-	1,492,470
Bank overdraft	2,401,621	2,082,963
Obligations under finance leases	2,297,846	1,533,627
Trade creditors	484,100	794,670
Other taxes and social security costs	149,545	95,513
Other creditors	408,993	384,519
Corporation tax	1,058,454	-
Accruals	72,282	35,275
Amounts owed to holding company	1,869,013	396,171
	<u>8,741,854</u>	<u>6,815,208</u>

## 5. DEFERRED TAXATION

Deferred taxation provided in the financial statements, and the full potential liability including the amounts for which provision has been made are as follows:

	Amount provided		Full Potential Liability	
	31 December 1987 £	31 July 1986 £	31 December 1987 £	31 July 1986 £
Tax effect of timing differences because of:				
Accelerated capital allowances less tax losses	2,180,336	-	2,180,336	1,967,539
Short term timing differences	(347,454)	-	(347,454)	(10,539)
	<u>1,832,882</u>	<u>-</u>	<u>1,832,882</u>	<u>1,957,000</u>

## GUY SALMON SERVICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 5. DEFERRED TAXATION (Continued)

The movements on the provision for deferred taxation are as follows:

	31 December 1987 £
Provision at 1 August 1986	-
Transfer from profit & loss account	1,832,882
Provision at 31 December 1987	<u>1,832,882</u>

## 6. SHARE CAPITAL

The authorised and issued share capital of the company consists of the following:-

	31 December 1987 £	31 July 1986 £
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

## 7. PROFIT AND LOSS ACCOUNT

	31 December 1987 £	31 July 1986 £
Balance at beginning of period	4,358,759	1,576,614
(Loss) Retained profit for the financial period	(107,078)	2,782,145
Balance at end of period	<u>4,251,681</u>	<u>4,358,759</u>

## GUY SALMON SERVICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 8. INTEREST PAYABLE

	Seventeen Months ended 31 December 1987 £	Year ended 31 July 1986 £
Payable on bank overdrafts and other loans repayable within 5 years, otherwise than by instalments	190,064	233,881
On finance leases	436,016	107,869
	<u>626,080</u>	<u>341,750</u>

## 9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Seventeen Months ended 31 December 1987 £	Year ended 31 July 1986 £
Profit is stated after charging:		
Auditors' remuneration	18,000	10,000
Depreciation:		
tangible owned fixed assets	1,130,924	765,792
tangible fixed assets held under finance leases	276,655	344,790
Directors' emoluments (Note 11)	231,732	136,638
Loss on disposal of fixed assets	11,645	-
	<u>          </u>	<u>          </u>

Amounts charged to revenue in respect of sums payable for the hire of motor vehicle under finance leases are shown separately under the headings of depreciation £276,655 and finance charges £436,016 - total £712,671 (1986: Depreciation £344,790 and finance charges £107,869) (see note 8).

## 10. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Seventeen Months ended 31 December 1987 £	Year ended 31 July 1986 £
UK corporation tax @ 35%		
Current	1,058,454	-
Deferred	1,832,882	(1,525,000)
	<u>2,891,336</u>	<u>(1,525,000)</u>

## GUY SALMON SERVICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 11. DIRECTORS' EMOLUMENTS (Excluding pension contributions)

The emoluments of E.W. Morley as chairman amounted to £5,584 (1986 £nil)  
 The emoluments of G.F. Salmon as chairman amounted to £nil (1986 £nil)  
 The emoluments of the highest paid director amounted to £98,065 (1986 £40,694).

The emoluments of the other directors fell within the ranges:

	Seventeen Months ended 31 December 1987 No.	Year ended 31 July 1986 No.
£0 to £5,000	1	-
£25,001 to £30,000	-	1
£30,001 to £35,000	-	2
£55,001 to £60,000	1	-
£65,001 to £70,000	1	-

## 12. EMPLOYEES

The average weekly number of employees during the period was as follows:

	Seventeen Months ended 31 December 1987 No.	Year ended 31 July 1986 No.
Operational	90	82
Administration	51	42
Selling	21	19
	<u>162</u>	<u>143</u>

Staff Costs amounted to

	£	£
Wages and salaries	2,656,239	1,445,565
Social security costs	277,577	129,267
Other pension costs	24,667	14,716
	<u>2,958,483</u>	<u>1,589,548</u>

## GUY SALMON SERVICE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

## 12. EMPLOYEES (continued)

## Higher Paid Employees

The number of senior employees of the Company other than directors, who received remuneration (excluding pension contributions) at an annual rate in the following ranges was:

	Seventeen Months ended 31 December 1987 No.	Year ended 31 July 1986 No.
£30,001 - £35,000	1	—

## 13. CONTINGENT LIABILITIES

The company has no contingent liabilities at 31 December 1987. At July 1986 the company had guaranteed the bank overdrafts and other loans of certain Group companies amounting to £2,018,290.

## 14. ULTIMATE HOLDING COMPANY

The ultimate holding company is Barclays Plc, which is incorporated in Great Britain.

## 15. CAPITAL COMMITMENTS

At 31 December 1987 the directors had authorised capital expenditure as follows:

	31 December 1987 £	31 July 1986 £
Capital expenditure contracted for but not provided for in these financial statements	17,179,000	6,557,728
Capital expenditure authorised but not yet contracted for	185,000	—
Commitments under leases entered into but not yet provided for in these financial statements	1,978,000	782,819
	<u>19,342,000</u>	<u>7,340,547</u>



## GUY SALMON SERVICE LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Schedule	Seventeen Months ended 31 December 1987		Year ended 31 July 1986	
		£	£	£	£
TURNOVER	1		20,168,382		9,334,680
COST OF SALES	2		11,434,807		5,151,156
GROSS PROFIT			<u>8,733,575</u>		<u>4,183,524</u>
ADMINISTRATIVE EXPENSES					
Operational	3a	1,722,645		926,785	
Selling	3b	1,458,307		591,176	
Financial	3c	381,949		294,231	
Accounting	3d	771,738		282,869	
General	3e	1,027,310		529,568	
		<u>5,361,949</u>		<u>2,624,629</u>	
Management charges received		-		(40,000)	
			<u>5,361,949</u>		<u>2,584,629</u>
OPERATING PROFIT			<u>3,371,626</u>		<u>1,598,895</u>
Interest receivable			38,712		-
Interest payable			(626,080)		(341,750)
PROFIT BEFORE TAXATION			<u><u>2,784,258</u></u>		<u><u>1,257,145</u></u>

## GUY SALMON SERVICE LIMITED

## SCHEDULES TO THE DETAILED PROFIT AND LOSS ACCOUNT

## SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Seventeen months ended 31 December 1987	Year ended 31 July 1986
	£	£
1. TURNOVER		
Rentals receivable	18,027,664	8,378,449
Rental related income	1,784,841	956,231
Other income	355,877	-
	<u>20,168,382</u>	<u>9,334,680</u>
2. COST OF SALES		
Petrol	866,305	525,470
Insurance	270,636	116,583
Accident repair costs	524,610	301,773
Maintenance	239,062	272,640
Parking	254,705	115,207
Delivery and collection	146,266	58,860
Commissions paid	654,206	235,528
Drivers' wages	1,389,117	810,997
Sub-contract costs	554,113	232,456
Subsistence and expenses	77,962	21,069
Cleaning	328,600	153,745
Depreciation of owned motor vehicles	1,025,331	703,451
Depreciation of leased motor vehicles	276,655	344,790
Fleet management salaries	120,979	32,637
Schedule A & B cars	4,791,314	1,225,950
Commissions received	(85,054)	-
	<u>11,434,807</u>	<u>5,151,156</u>

## GUY SALMON SERVICE LIMITED

## SCHEDULES TO THE DETAILED PROFIT AND LOSS ACCOUNT (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Seventeen months 31 December 1987 £	Year ended 31 July 1986 £
3. ADMINISTRATIVE EXPENSES		
a) Operational expenses		
Uniforms	41,763	16,691
Salaries	851,499	461,900
Rent and rates	409,387	213,475
Light and heat	28,139	19,621
Telephone	179,348	103,373
Insurances	37,165	35,252
Office cleaning	16,107	5,144
Maintenance of: buildings	28,304	3,671
equipment	8,751	5,317
Depreciation: fixtures and fittings	69,658	45,829
leasehold premises	35,935	16,512
Training	4,944	-
Loss on disposal of fixed assets	11,645	-
	<u>1,722,645</u>	<u>926,785</u>
b) Selling expenses		
Salaries	324,118	170,893
Petrol and expenses	66,488	44,499
Selling aids	165,061	97,794
Advertising	835,578	257,108
Overseas selling expenses	67,062	20,882
	<u>1,458,307</u>	<u>591,176</u>
c) Financial expenses		
Credit card charges	230,668	134,543
Bad debts	138,999	150,748
Bank charges	12,282	8,940
	<u>381,949</u>	<u>294,231</u>

## GUY SALMON SERVICE LIMITED

## SCHEDULES TO THE DETAILED PROFIT AND LOSS ACCOUNT (Continued)

SEVENTEEN MONTHS ENDED 31 DECEMBER 1987

	Seventeen months 31 December 1987 £	Year ended 31 July 1986 £
3. ADMINISTRATIVE EXPENSES (Continued)		
d) Accounting expenses		
Postage	38,569	19,112
Salaries	558,206	226,281
Debt collection	56,903	28,657
Computer costs	118,060	8,819
	<u>771,738</u>	<u>282,869</u>
e) General expenses		
Directors' remuneration	219,010	124,670
Management salaries	50,074	46,002
Pensions and health insurance	30,929	14,716
General expenses	39,519	23,290
Accident damage - staff	40,070	32,969
Staff advertising	115,215	32,853
Management expenses	226,180	81,618
Printing and stationery	164,612	112,345
Subscriptions	3,627	2,980
Audit and accountancy	83,763	38,175
Legal and professional	23,823	4,962
Training	30,488	14,988
	<u>1,027,310</u>	<u>529,568</u>