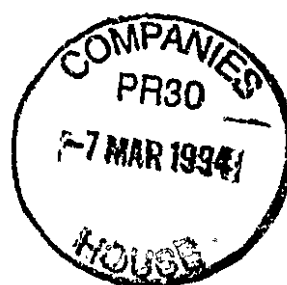


**Alexanders Contract Rentals Limited**

**Annual report**

**for the year ended 30 September 1993**

Registered no: 00985677



# **Alexanders Contract Rentals Limited**

## **Annual report for the year ended 30 September 1993**

	<b>Pages</b>
<b>Directors and advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Directors' responsibilities statement</b>	<b>4</b>
<b>Report of the auditors</b>	<b>5 - 6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 18</b>

# Alexanders Contract Rentals Limited

1

## Directors and advisers

### Directors

A J Clayton  
R F Humm  
M B Porter

### Registered Auditors

Coopers & Lybrand  
Churchill House  
Churchill Way  
Cardiff  
CF1 4XQ

### Secretary and registered office

M B Porter  
Weston Favell Centre  
Northampton  
NN3 4JL

### Solicitors

McGrigor Donald  
Pacific House  
70 Wellington Street  
Glasgow  
G2 6SB

### Bankers

The Royal Bank of Scotland PLC  
77 Abington Street  
Northampton  
NN1 2BH

**Directors' report  
for the year ended 30 September 1993**

The directors present their report and the audited financial statements for the year ended 30 September 1993.

**Principal activities**

The company is active in the contract hire of motor vehicles. It is a wholly owned subsidiary of Alexanders Holdings PLC, a company registered in Scotland. A review of the company's activities during the year is given below.

The business operated profitably during the year and trading conditions are expected to continue to improve during 1994. The year end financial position was satisfactory and in line with the directors' expectations.

**Changes in the presentation of the financial statements**

Following the introduction of Financial Reporting Standard No 3, "Reporting Financial Performance", the presentation of the financial statements has been amended to conform with the new requirements:

- (a) Items previously treated as extraordinary have been reclassified as exceptional.
- (b) A statement of total recognised gains and losses has been presented together with a reconciliation of movements in shareholders' funds.

**Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend for the year ended 30 September 1993. The retained profit for the year of £285,420 has been transferred to revenue reserves.

**Changes in fixed assets**

The movements in fixed assets during the year are set out in note 13 to the financial statements.

# Alexanders Contract Rentals Limited

3

## Directors

The directors of the company at 30 September 1993 are listed on page 1.

Mr H Clayton (deceased) served as a director of the company until 6 January 1993.

The following other changes to the list of directors at 1 October 1992 occurred during the year:

R F Humm	- appointed 10 February 1993
M B Porter	- appointed 10 February 1993
D J Wooding	- resigned 9 October 1992
G A Pearson	- resigned 13 February 1993
D Mathieson	- resigned 26 February 1993

## Directors' interests in shares of the company

The directors have no interest in the shares of the company. The beneficial interests of the directors of the company in the shares of the holding company, Alexanders Holdings PLC, are disclosed in the financial statements of that company.

## Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Company Secretary  
18 January 1994

# Alexanders Contract Rentals Limited

4

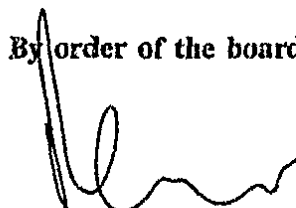
## Directors' responsibilities statement

The directors are required by law 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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 a 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 which 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.

By order of the board



Company Secretary  
18 January 1994

## **Report of the auditors to the members of Alexanders Contract Rentals Limited**

We have audited the financial statements on pages 7 to 18.

### **Respective responsibilities of directors and auditors**

As described on page 4 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 except that the scope of our work was limited as explained below.

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.

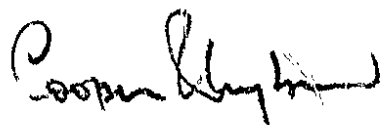
We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited in respect of the corresponding amounts in the current period's financial statements which are derived from the financial statements for the year ended 30 September 1992. In their report on those financial statements the previous auditors stated that they were unable to express an opinion on the profit for the year ended on that date because they were unable to substantiate the opening financial position at 1 October 1991. Accordingly, the corresponding amounts shown for the profit and loss account may not be comparable with the figures for the current year.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the auditors to the members of  
Alexanders Contract Rentals Limited**  
(Continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1993 and of its profit and total recognised gains for the year then ended and, except for any adjustments that might have been found to be necessary had the previous auditors been able to obtain sufficient evidence concerning the opening balance sheet at 1 October 1991, have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
Cardiff, 18 January 1994



# Alexanders Contract Rentals Limited

7

## Profit and loss account for the year ended 30 September 1993

	Notes	1993 £	1992 £
Turnover	2	37,604,981	43,319,614
Cost of sales		(36,690,602)	(42,365,472)
Gross profit		914,379	954,142
Operating expenses	3	(689,102)	(937,150)
Operating profit		225,277	16,992
Investment income	6	41,263	55,636
Exceptional item: waiver of holding company loan	7	-	471,989
Profit on ordinary activities before interest		266,540	544,617
Interest payable and similar charges	8	(6,220)	(2,338)
Profit on ordinary activities before taxation	9	260,320	542,279
Tax on profit on ordinary activities	10	25,109	24,779
Profit for the financial year		285,420	567,058
Dividends	11	-	(325,000)
Retained profit for the year	21	285,420	242,058

### Continuing operations

All items dealt with in arriving at operating profits for the years ended 30 September 1993 and 1992 respectively relate to continuing operations.

### Statement of total recognised gains and losses

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

### Note of historical cost profit and losses

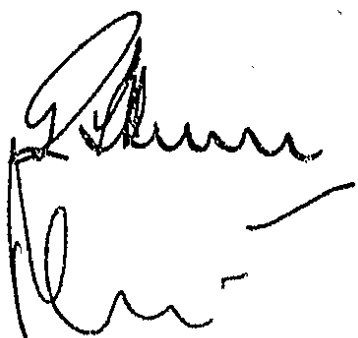
There is no difference between the profit on ordinary activities before taxation, and the retained profit for the year stated above, and their historical cost equivalents.

**Balance sheet at 30 September 1993**

	Notes	1993 £	1992 £
<b>Fixed assets</b>			
Tangible assets	13	<u>78,388</u>	<u>12,568</u>
<b>Current assets</b>			
Stocks	14	868,413	703,953
Debtors	15	3,756,809	3,559,100
Cash at bank and in hand		<u>5,520</u>	<u>475,570</u>
		<u>4,630,742</u>	<u>4,738,623</u>
Creditors: amounts falling due within one year	16	<u>(3,474,022)</u>	<u>(3,038,314)</u>
Net current assets		<u>1,156,720</u>	<u>1,700,309</u>
Total assets less current liabilities		1,235,108	1,712,877
Creditors: amounts falling due after more than one year	17	(248,351)	(355,583)
Provisions for liabilities and charges	18	<u>(475,043)</u>	<u>(1,131,000)</u>
Net assets		<u><u>511,714</u></u>	<u><u>226,294</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1,109,160	209,160
Profit and loss account	21	<u>(597,446)</u>	<u>(882,866)</u>
Shareholders' funds		<u>511,714</u>	<u>(673,706)</u>
Amount due to holding company	20	<u>-</u>	<u>900,000</u>
		<u><u>511,714</u></u>	<u><u>226,294</u></u>

The financial statements on pages 7 to 18 were approved by the board of directors on 18 January 1994 and were signed on its behalf by:

Directors



**Notes to the financial statements  
for the year ended 30 September 1993**

**1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

**Changes in accounting policies**

The new accounting standard, FRS3, requires the adoption of accounting policies which differ from those previously adopted by the company. In the comparative figures for the year ended 30 September 1992, certain profits and losses were treated as extraordinary items in accordance with standard accounting practice at that time. Such profits or losses are now treated as exceptional items and shown after operating profit, but before interest, in accordance with the new accounting standard.

The effects of this change in accounting policy is disclosed in note 12.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Cash flow**

The company is a wholly owned subsidiary of Alexanders Holdings PLC and the cash flows of the company are included in the consolidated cash flow statement of Alexanders Holdings PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

**Contract hire**

No profits are taken on contract hire agreements until the agreement is terminated and the vehicle returned by the customers and sold. Provision is made for all projected losses.

Direct expenditure on vehicles on contract hire, after deduction of customers' contributions towards maintenance and finance, where applicable, is carried in the balance sheet under the heading "Expenditure on contract hire" within debtors or creditors as appropriate.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	Per annum
Fixtures, fittings and equipment	15% - 25%
Motor vehicles	25% - 48%

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Stocks**

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

**Turnover**

- Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

**Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**Pension scheme arrangements**

The company operates defined benefit schemes. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The company provides no other post retirement benefits to its employees.

# Alexanders Contract Rentals Limited

11

## 2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

## 3 Operating expenses

	1993 £	1992 £
Administrative expenses	<u>689,102</u>	<u>937,150</u>

## 4 Directors' emoluments

	1993 £	1992 £
Salary payments (including benefits in kind)	51,732	95,867
Pension contributions	2,641	4,894
	<u>£54,373</u>	<u>£100,761</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1993	1992
The chairman	<u>£Nil</u>	<u>£Nil</u>
The highest paid director	<u>£25,000</u>	<u>£38,245</u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1993 Number	1992 Number
£Nil - £5,000	4	3
£5,001 - £10,000	1	-
£20,001 - £25,000	2	1
£35,001 - £40,000	-	2

## 5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was 30 (1992: 32).

	1993 £	1992 £
Staff costs (for the above persons)		
Wages and salaries	375,327	409,088
Social security costs	38,328	39,367
Other pension costs (see note 19)	15,573	31,854
	<u>429,228</u>	<u>480,309</u>

## 6 Investment income

	1993 £	1992 £
Interest receivable	<u>41,263</u>	<u>55,636</u>

## 7 Exceptional item

This represents the waiver of an amount of £471,989 due to the holding company in order to negate the effects of the erroneous payments of dividends of £325,000 and £146,989 out of non-distributable reserves in the years ended 30 September 1992 and 1991 respectively.

## 8 Interest payable and similar charges

	1993 £	1992 £
On bank loans, overdrafts and other loans		
Repayable within 5 years not by instalments	<u>6,220</u>	<u>2,338</u>

# Alexanders Contract Rentals Limited

13

## 9 Profit on ordinary activities before taxation

	1993 £	1992 £
Profit on ordinary activities before taxation is stated after crediting:		
Movements in provisions for contract hire losses	<u>655,957</u>	<u>362,000</u>
And after charging:		
Depreciation on tangible fixed assets	49,229	77,064
Auditors' remuneration for audit	<u>13,550</u>	<u>10,000</u>
Remuneration of the company's auditors for the provision of non audit services amounted to £4,929.		

## 10 Tax on profit on ordinary activities

	1993 £	1992 £
United Kingdom corporation tax recoverable	(25,100)	(77,868)
Advance corporation tax written off	-	53,157
Over provision in respect of prior years:		
Current	-	(68)
	<u>(25,100)</u>	<u>(24,779)</u>

## 11 Dividends

	1993 £	1992 £
Interim ordinary dividend	-	325,000
	<u>-</u>	<u>325,000</u>

## 12 Changes in accounting policy

The effect of the changes in accounting policy discussed on page 9 on the comparative profit and loss account figures is as follows:

	1992 £
Profit before tax as previously stated	70,290
Waiver of erroneous dividend payments to the holding company previously treated as an extraordinary item now classified as exceptional	<u>471,989</u>
Profit before tax as restated	<u>542,279</u>

13 Tangible fixed assets

	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 October 1992	125,644	-	125,644
Additions	43,036	72,913	115,949
Disposals	(79,150)	-	(79,150)
At 30 September 1993	<u>89,530</u>	<u>72,913</u>	<u>162,443</u>
Depreciation			
At 1 October 1992	113,076	-	113,076
Charge for year	11,885	37,344	49,229
Disposals	(78,250)	-	(78,250)
At 30 September 1993	<u>46,711</u>	<u>37,344</u>	<u>84,055</u>
Net book value			
At 30 September 1993	<u>42,819</u>	<u>35,569</u>	<u>78,388</u>
At 30 September 1992	<u>12,568</u>	<u>-</u>	<u>12,568</u>

In order to ensure consistency with the current year, relief vehicles with a net book value of £289,268 which are held for rental and resale by the company, have been reclassified from tangible fixed assets to stocks in the balance sheet at 30 September 1992.

14 Stocks

	1993 £	1992 £
New and used cars	419,715	414,685
Relief vehicles	448,698	289,268
	<u>868,413</u>	<u>703,953</u>



# Alexanders Contract Rentals Limited

15

## 15 Debtors

	1993 £	1992 £
Amounts falling due within one year:		
Trade debtors	1,717,245	1,704,048
Amounts owed by group undertakings:		
Parent company and fellow subsidiary undertakings	1,880,070	1,691,685
Other debtors	1,350	28,725
Prepayments	-	1,598
Corporation tax recoverable	158,144	24,711
ACT recoverable	-	108,333
	<u>3,756,809</u>	<u>3,559,100</u>

## 16 Creditors: amounts falling due within one year

	1993 £	1992 £
Bank overdraft (see below)	936,925	-
Trade creditors	468,271	1,917,674
Other taxes and social security costs	266,030	176,943
Accruals and other creditors	47,396	153,481
Amounts owed to group undertakings:		
Parent company and fellow subsidiary undertakings	160,076	-
Corporation tax	-	-
Instalments in advance on vehicle contract rentals	405,203	185,493
Expenditure on contract hire	1,190,121	604,723
	<u>3,474,022</u>	<u>3,038,314</u>

The bank overdraft has been secured by way of unlimited cross guarantees by the holding company and certain fellow subsidiaries.

All monies owed to Ford Credit Europe PLC have been secured by a debenture over the assets of the company.

## 17 Creditors: amounts falling due after more than one year

	1993 £	1992 £
Instalments in advance on vehicle contract rentals	<u>248,351</u>	<u>355,583</u>

**18 Provisions for liabilities and charges**

	Contract hire provision £
At 1 October 1992	1,131,000
Utilisation	(655,957)
	<hr/>
At 30 September 1993	475,043
	<hr/>

**Deferred taxation**

The deferred taxation asset arising from the effect of timing differences has not been recognised on the grounds of prudence.

**19 Pensions and similar obligations**

The company participates in the group's pension scheme arrangements. The group operates two pension schemes. Both schemes are of the defined benefit type with assets held in separate trust administered accounts.

The total pension cost for the company was £15,573 (1992: £31,854). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the schemes was at 1 October 1990. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 3% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the group schemes was £680,000 and the actuarial value of the assets was sufficient to cover 97% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The excess of pension liabilities over assets has been spread over periods of 14 and 17 years, being the average remaining working lives of the members of the two schemes.

# Alexanders Contract Rentals Limited

17

## 20 Called up share capital

	1993 £	1992 £
Authorised		
1,500,000 ordinary shares of £1 each (1992 : 250,000)	<u>1,500,000</u>	<u>250,000</u>
Alotted, called up and fully paid		
1,109,160 ordinary shares of £1 each (1992 : 209,160)	<u>1,109,160</u>	<u>209,160</u>

During the year the company capitalised £900,000 of the amount due to the holding company by way of an issue of ordinary shares at par in order to improve the net asset position of the company.

## 21 Reserves

	Profit and loss account £
At 1 October 1992	(882,866)
Retained profit for the year	<u>285,420</u>
At 30 September 1993	<u>(597,446)</u>

## 22 Reconciliation of movements in shareholders' funds

	1993 £	1992 £
Profit for the financial year	285,420	567,058
Dividends	-	(325,000)
	<u>285,420</u>	<u>242,058</u>
New share capital issued	900,000	-
	<u>1,185,420</u>	<u>242,058</u>
Net addition to shareholders' funds	(673,706)	(915,764)
Opening shareholders' funds	<u>511,714</u>	<u>(673,706)</u>
Closing shareholders' funds		

## 23 Financial commitments

- (a) At 30 September 1993 the company had contractual obligations to repurchase vehicles from finance houses of £21,306,149 (1992 : £22,004,977).
- (b) Certain of the company's contract hire agreements involve back to back leasing arrangements whereby vehicles are simultaneously leased from finance houses and onward to the customer. Under these arrangements the company remains responsible for the collection of rentals from the customer and the payment of rentals to the finance house. At 30 September 1993 the company's obligations to finance houses under these agreements was £57,715 (1992 : £371,000).
- (c) The company has given unlimited cross guarantees to secure bank and other borrowings of group companies which amounted to £1,469,410 at 30 September 1993.

## 24 Capital commitments

	1993 £	1992 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	Nil	Nil
Capital expenditure that has been authorised by the directors but has not yet been contracted for	Nil	Nil

## 25 Ultimate parent company

The directors regard Alexanders Holdings PLC, a company registered in Scotland, as the ultimate parent company. According to the register kept by the company, Alexander Holdings PLC has a 100% interest in the equity capital Alexanders Contract Rentals Limited. Copies of the group's consolidated financial statements may be obtained from The Secretary, Savoy House (Fourth Floor), 140 Sauchiehall Street, Glasgow G2 3DH.