

**MASTERDRIVE MANAGEMENT LIMITED**

**(Registered Number: 1026943)**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 SEPTEMBER 1998**



## **MASTERDRIVE MANAGEMENT LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998**

The directors submit their annual report together with the audited accounts for the year ended 30 September 1998.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the Company, and its quasi-subsiidiary, Masterdrive Limited, are the provision of fleet management and lease finance services.

During the year the Group has maintained its fleet, whilst also further expanding other business areas and services provided. The directors expect the general level of activity to improve.

#### **RESULTS AND DIVIDENDS**

The accounts for the year ended 30 September 1998 show a consolidated profit on ordinary activities after taxation and minority interests of £1,583,000 (1997 - £1,106,000).

The directors recommend a full and final dividend of £1,100,000 for the year (1997 - £2,100,000). The profit after dividends of £483,000 (1997 - loss £994,000) will be transferred to/(from) reserves.

#### **CHANGE OF OWNERSHIP**

On 17 December 1997, the company's immediate parent undertaking was acquired by Tanel Limited, which subsequently changed its name to Dutton-Forshaw Investments Limited.

In relation to this transaction, on 17 December 1997 the directors of the company made a statutory declaration in connection with financial assistance (in the form of a guarantee on third party borrowings) given by the company for the purchase of the entire share capital of The Dutton-Forshaw Group Limited pursuant to Section 156 (4) of the Companies Act 1985.

#### **DIRECTORS**

The present Board of the Company, all of whom served throughout the year, is as set out below.

A E Manning  
J R Robinson  
R W Rider  
R J Zacharzewski  
A N R Elliott  
R J Pridmore

In accordance with the Company's Articles of Association, Mr J R Robinson and Mr A N R Elliott retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

# **MASTERDRIVE MANAGEMENT LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

### **DIRECTORS' INTERESTS**

No director had at any time during the year a material interest in any contract of significance in relation to the Group's business.

The following are the interests of the directors, all of which are beneficial, recorded in the Company's Register of Directors' Share and Debenture Interests.

#### **Dutton-Forshaw Investments Limited Ordinary Shares of 10p each**

	<b>1 October 1997 <u>number</u></b>	<b>30 September 1998 <u>number</u></b>
R J Zacharzewski	-	100
A N R Elliott	-	100

#### **Dutton-Forshaw Investments Limited 9.75% £1 Loan Notes**

	<b>1 October 1997 <u>number</u></b>	<b>Granted in Year <u>number</u></b>	<b>30 September 1998 <u>number</u></b>
R J Zacharzewski	-	7,900	7,900
A N R Elliott	-	7,900	7,900

The interests of A E Manning, J R Robinson and R W Rider in Dutton-Forshaw Investments Limited are disclosed in the accounts of that company.

## **MASTERDRIVE MANAGEMENT LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 and loss of the Company and Group for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company and 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 Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PAYMENT OF CREDITORS**

The Company complies with the CBI prompt payment code for all suppliers. A copy of this code is available from The Confederation of Business Industries, Centre Point, 103 New Oxford Street, London, WC1A 1DU.

As at 30 September 1998 the number of days of annual purchases represented by year end creditors amounted to 59.

#### **YEAR 2000**

Since 1997 the Group has been working on the date sensitivity of computing systems, a problem which includes the Year 2000. The risks to the group's business processes have been evaluated and are not considered to be significant. Plans to address the issues have been prepared and are currently being implemented.

The costs of addressing the Year 2000 problem are not expected to be significant and the resources required to achieve compliance are principally expected to be found from normal operating budgets. All related costs are written off as incurred.

#### **ECONOMIC AND MONETARY UNION IN EUROPE (EMU)**

The Group is preparing for the introduction of a single currency within Europe in 1999. Information systems will be routinely upgraded to handle the introduction of the Euro. The Group does not have any operations across Europe and any decision to adopt the Euro as a subsidiary's functional currency will depend on the speed of transition to the Euro in the United Kingdom.

## **MASTERDRIVE MANAGEMENT LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

#### **EMPLOYMENT OF DISABLED PERSONS**

The Group gives full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the Group continues the employment of, and arranges appropriate training for, employees who become disabled persons while employed by the Group. Disabled employees are treated no differently from other employees as regards training, career development and promotion opportunities. This policy was operated by the Group throughout the year.

#### **EMPLOYEE INVOLVEMENT**

The Group has arrangements to regularly provide employees with information regarding the financial and economic factors affecting the performance of the Group and on matters of concern to them. Additionally, regular consultations take place with employees so that the views of employees can be taken into account in making decisions which are likely to affect their interests. A quarterly Group newsletter is produced and circulated to all employees.

#### **AUDITORS**

Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned in favour of the new firm, PricewaterhouseCoopers, and the directors appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation. A resolution to re-appoint PricewaterhouseCoopers as auditors of the company will be proposed at the Annual General Meeting.

By Order of the Board



R J Pridmore  
Secretary

21 December 1998

## **MASTERDRIVE MANAGEMENT LIMITED**

### **REPORT OF THE AUDITORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 SEPTEMBER 1998**

We have audited the accounts on pages 6 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

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

As described on page 3 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 September 1998 and of the profit of the Company and the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors  
Thames Court  
1 Victoria Street  
Windsor  
Berkshire  
SL4 1HB

21 December 1998

# MASTERDRIVE MANAGEMENT LIMITED

## CONSOLIDATED AND COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
<b>TURNOVER</b> (Note 1)	36,030	33,689	8,793	5,534
<b>OPERATING PROFIT</b> (Note 3)	6,734	6,539	1,546	1,190
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 3)	1,656	1,345	1,580	1,284
Taxation on profit on ordinary activities (Note 8)	117	139	3	(178)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	1,773	1,484	1,583	1,106
Minority Interests (Note 17)	(190)	(378)	-	-
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS</b>	1,583	1,106	1,583	1,106
Dividends (Note 9)	(1,100)	(2,100)	(1,100)	(2,100)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b> (Note 16)	483	(994)	483	(994)

There are no recognised gains or losses in the year other than those shown above. All results arise from continuing activities.

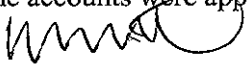
The notes on pages 9 to 22 form part of these accounts.

# MASTERDRIVE MANAGEMENT LIMITED

## BALANCE SHEETS AS AT 30 SEPTEMBER 1998

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
<b>FIXED ASSETS</b>				
Tangible Assets (Note 10)	60,598	65,285	582	527
<b>CURRENT ASSETS</b>				
Stock (Note 11)	93	117	-	-
Debtors: (Note 12)				
Amounts due within one year	7,346	5,442	2,183	1,408
Amounts due after more than one year	2,631	2,350	-	-
Cash at bank and in hand	283	2,313	283	85
	10,353	10,222	2,466	1,493
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Note 13)</b>	(34,654)	(35,117)	(1,912)	(1,367)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(24,301)	(24,895)	554	126
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	36,297	40,390	1,136	653
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Note 13)</b>	(32,671)	(37,437)	-	-
Provision for liabilities and charges (Note 14)	(50)	(50)	-	-
<b>NET ASSETS</b>	3,576	2,903	1,136	653
<b>CAPITAL AND RESERVES</b>				
Called up Share Capital (Note 15)	1	1	1	1
Profit and Loss account (Note 16)	1,135	652	1,135	652
Total Equity Shareholders' Funds	1,136	653	1,136	653
Minority Interests (Note 17)	2,440	2,250	-	-
Capital Employed	3,576	2,903	1,136	653

The accounts were approved by the directors on 21 December 1998.

  
R W Rider  
Director

The notes on pages 9 to 22 form part of these accounts.



# **MASTERDRIVE MANAGEMENT LIMITED**

## **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AS AT 30 SEPTEMBER 1998**

	<b>1998 GROUP</b>	<b>1997</b>	<b>1998 COMPANY</b>	<b>1997</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Profit attributable to shareholders	1,583	1,106	1,583	1,106
Dividends	(1,100)	(2,100)	(1,100)	(2,100)
Net movement in Shareholders' Funds	<u>483</u>	<u>(994)</u>	<u>483</u>	<u>(994)</u>
Shareholders' funds at 1 October 1997	653	1,647	653	1,647
Shareholders' funds at 30 September 1998	<u><u>1,136</u></u>	<u><u>653</u></u>	<u><u>1,136</u></u>	<u><u>653</u></u>

## **MASTERDRIVE MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998**

#### **STATEMENT OF ACCOUNTING POLICIES**

##### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal policies which the directors have adopted within those standards are set out below.

The Company prepares consolidated accounts which include the results and net assets of the Company and Masterdrive Limited, its quasi subsidiary (Note 2).

##### **Cash flow statement**

Financial Reporting Standard Number 1 "Cash Flow Statements" exempts undertakings from the requirement to produce such a statement where they are wholly owned subsidiaries of undertakings which prepare a consolidated cash flow statement in accordance with the Standard and which are publicly available. Dutton-Forshaw Investments Ltd, the Company's ultimate parent undertaking at 30 September 1998, prepares such a statement and the Company has therefore taken advantage of the exemption.

##### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on assets held for use in operating leases so as to write off the cost of the assets less their estimated residual value over the term of the contract on a straight line basis which is normally between 1 and 4 years.

Depreciation is provided on all other assets at rates calculated to write off cost less estimated residual value on a straight line basis over their expected useful lives. Fixtures and fittings are depreciated at annual rates of 10% - 33.33%.

##### **Profit on Sale of Assets**

Where individually significant, profits and losses on disposal of fixed assets arising from the ordinary activities of the Group are included in profit before tax as exceptional items. Where, however, disposals of fixed assets arise from the closure of a business segment any profit or loss is aggregated with other revenue and costs resulting from the closure and is shown as part of profit/loss on sale of termination of operations.

##### **Stock**

Stock is stated at the lower of cost and net realisable value.

##### **Deferred taxation**

Deferred tax is calculated under the liability method and is only provided where it is anticipated to be payable within the foreseeable future.

Deferred tax which is not anticipated to be payable within the foreseeable future is shown in Note 14.

## **MASTERDRIVE MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

#### **STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

##### **Leased assets**

###### **As Lessee:**

The cost of operating leases is charged to profit before tax as incurred.

###### **As Lessor:**

Assets made available to third parties under finance and similar leases are treated as receivables and included within debtors at the amount of the net investment in the leases after deduction of unearned income. Income from finance leases is credited to turnover in the profit and loss account in proportion to the funds invested.

Assets made available to third parties under operating leases are recorded as fixed assets. Income from operating leases is credited to turnover in the profit and loss account on a straight line basis over the period of the related lease contract.

##### **Pension costs**

The Company participates in the Dutton-Forshaw Group Pension Plan, a defined benefit pension scheme for all eligible employees, the assets of which are held in separate, trustee administered funds.

Independent actuaries prepare valuations of the scheme at least every three years and in accordance with their recommendations the Group makes contributions which are charged to profits on a systematic and rational basis over the expected remaining working life of the employees. Any differences between the actuarial valuation and the value of the Group's assets in the scheme are similarly charged or credited to profit before tax over the expected remaining working life of employees in the scheme.

##### **Income from Instalment Credit Business**

Charges and interest on instalment credit agreements are credited to the profit and loss account in proportion to the monthly balances outstanding.

## MASTERDRIVE MANAGEMENT LIMITED

### NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

#### 1. TURNOVER

##### The Group

Turnover represents lease income, charges on instalment credit agreements and termination adjustments credited to the profit and loss account during the year.

##### The Company

Turnover represents income arising from the management agreement with Masterdrive Limited and income from operating and finance leases, hire purchase and short term rental transactions.

All turnover for the Company and Group arises in the United Kingdom and is exclusive of Value Added Tax.

	<b>1998 GROUP</b>	<b>1997</b>	<b>1998 COMPANY</b>	<b>1997</b>
	£'000	£'000	£'000	£'000
Management of the vehicle contract hire activity of Masterdrive Limited	-	-	5,190	4,090
Vehicle contract hire and short term rental	33,379	31,315	3,603	1,444
Instalment credit agreements	2,649	2,360	-	-
Finance lease income	2	14	-	-
	<u>36,030</u>	<u>33,689</u>	<u>8,793</u>	<u>5,534</u>

Net amounts financed under all forms of leasing agreements entered into during the year were as follows:-

	<b>1998 GROUP</b>	<b>1997</b>	<b>1998 COMPANY</b>	<b>1997</b>
	£'000	£'000	£'000	£'000
Instalment credit agreements	3,370	1,978	-	-
Operating leases	28,661	35,729	-	-
	<u>32,031</u>	<u>37,707</u>	<u>-</u>	<u>-</u>

## **MASTERDRIVE MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

#### **2. MASTERDRIVE LIMITED**

Masterdrive Limited, a company whose principal activity is the contract hire of motor vehicles, is consolidated in the accounts as a quasi-subsiidiary in accordance with the provisions of Financial Reporting Standard Number 5 "Reporting the Substance of Transactions".

- (i) Lombard North Central plc (a subsidiary of National Westminster Bank plc) and The Dutton-Forshaw Group Limited own 81% and 19% of the issued share capital of Masterdrive Limited respectively. The Dutton-Forshaw Group Limited is the immediate parent undertaking of Masterdrive Management Limited.
- (ii) An operating agreement exists between Lombard North Central plc, The Dutton-Forshaw Group Limited, Masterdrive Limited and Masterdrive Management Limited.
- (iii) Relevant provisions of the operating agreement are that:
  - Masterdrive Management Limited acts as an agent for Masterdrive Limited in providing leasing to customers
  - In return for its services as agent, Masterdrive Management Limited is entitled to receive fees from Masterdrive Limited comprising:
    - a management fee equal to the cost of providing services as agent (or, if lower, to an amount equal to the profit after tax of Masterdrive Limited)
    - commissions of 95% of the profit before tax of Masterdrive Limited after deducting the management fee.

The financial benefits to Masterdrive Management Limited under the terms of the operating agreement are such that substantially all profits of Masterdrive Limited are earned by Masterdrive Management Limited. The benefits are in substance no different from those that would arise were Masterdrive Limited a subsidiary undertaking. Masterdrive Limited has therefore been consolidated as a quasi-subsiidiary (as defined by Financial Reporting Standard Number 5 "Reporting the Substance of Transactions") in the accounts.

The accounts include the 100% interest of the outside shareholders in the share capital, reserves and profit after taxation of Masterdrive Limited as minority interests (Note 17).

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
a) <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS ARRIVED AT AS FOLLOWS:</b>				
Turnover	36,030	33,689	8,793	5,534
Cost of Sales	(24,768)	(23,837)	(2,752)	(1,082)
Gross Profit	11,262	9,852	6,041	4,452
Administrative expenses	(4,528)	(3,313)	(4,495)	(3,262)
Operating Profit	6,734	6,539	1,546	1,190
Interest receivable (Note 6)	35	94	35	94
Interest payable (Note 7)	(5,113)	(5,288)	(1)	-
	1,656	1,345	1,580	1,284
b) <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING:</b>				
Operating lease charges - land & buildings	373	-	373	-
Operating lease charges - other	703	372	703	372
Depreciation of tangible fixed assets	15,705	16,655	177	142
Directors' emoluments	351	289	351	289
Auditors' remuneration - audit services	26	27	12	12

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 4. EMOLUMENTS OF DIRECTORS

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
Aggregate emoluments	351	289	351	289

The emoluments of the highest paid director were £105,000 (1997 - £101,000). The pension at the year end accrued under a defined benefit scheme in respect of the highest paid director were £18,980 (1997 £17,400). The number of directors to whom retirement benefits are accruing under the defined benefit pension scheme is 3 (1997 - 3).

### 5. STAFF NUMBERS AND COSTS

All staff were employed by the Company. The average number of persons employed by the Company during the year was 87 (1997 - 69).

	1998 £'000	1997 £'000
The aggregate payroll cost was as follows:		
Wages and Salaries	2,497	1,887
Social Security Costs	233	182
Other Pension Costs	58	40
	2,788	2,109

### 6. INTEREST RECEIVABLE

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
Bank Interest Receivable	35	94	35	94

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 7. INTEREST PAYABLE

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
On bank loans, overdrafts, and other loans:				
From National Westminster Bank Plc				
Group Undertakings	5,113	5,288	1	-

### 8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

<u>The Group</u>	1998 £'000	1997 £'000
UK Corporation tax charge on the profit for the year at 31% (1997 - 32%)	-	(178)
Tax losses surrendered to Lombard	131	222
Adjustments in respect of prior years:		
UK Corporation tax charge	3	-
Tax losses surrendered to Lombard	(17)	95
	117	139

Tax losses surrendered to Lombard are provided for on the assumption that the claimant companies will make payment to the surrendering companies at 90% (1997 - 90%) of the corporation tax rate appropriate for the period in which the losses claimed arose.

<u>The Company</u>	1998 £'000	1997 £'000
UK Corporation tax charge on the profit for the year at 31% (1997 - 32%)	-	(178)
Adjustments in respect of prior years:		
	3	-
	3	(178)

The Company has utilised £nil (1997 - £296,860) of surplus advanced Corporation Tax brought forward to reduce the current year tax charge (Note 14).



# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 9. DIVIDENDS

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
Final dividends paid	1,100	2,100	1,100	2,100
	<u>1,100</u>	<u>2,100</u>	<u>1,100</u>	<u>2,100</u>

### 10. TANGIBLE FIXED ASSETS

#### The Group

	Assets held for use in Operating Leases £'000	Fixtures & Fittings £'000	Total £'000
<b>COST:</b>			
At 1 October 1997	96,887	696	97,583
Additions	28,661	232	28,893
Disposals	(33,400)	-	(33,400)
	<u>92,148</u>	<u>928</u>	<u>93,076</u>
At 30 September 1998	92,148	928	93,076
<b>DEPRECIATION:</b>			
At 1 October 1997	31,979	319	32,298
Charge for the year	15,560	145	15,705
Disposals	(15,525)	-	(15,525)
	<u>32,014</u>	<u>464</u>	<u>32,478</u>
At 30 September 1998	32,014	464	32,478
<b>NET BOOK AMOUNT:</b>			
At 30 September 1998	60,134	464	60,598
	<u>64,908</u>	<u>377</u>	<u>65,285</u>
At 1 October 1997	64,908	377	65,285

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 10. TANGIBLE FIXED ASSETS (CONTINUED)

#### The Company

	Assets held for use in Operating Leases	Fixtures & Fittings	Total
	£'000	£'000	£'000
<b>COST:</b>			
At 1 October 1997	215	696	911
Additions	-	232	232
Disposals	-	-	-
At 30 September 1998	215	928	1,143
<b>DEPRECIATION:</b>			
At 1 October 1997	65	319	384
Charge for the year	32	145	177
Disposals	-	-	-
At 30 September 1998	97	464	561
<b>NET BOOK AMOUNT:</b>			
At 30 September 1998	118	464	582
At 1 October 1997	150	377	527

### 11. STOCK

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
Vehicles held for re-sale	93	117	-	-

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 12. DEBTORS

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
<b>AMOUNTS DUE WITHIN ONE YEAR</b>				
Trade debtors	2,778	1,994	938	491
Instalment credit receivables	2,935	1,876	-	-
Finance lease receivables	3	3	-	-
Amounts owed by Masterdrive Limited	-	-	708	502
Amounts due from Lombard North Central plc	114	222	-	-
Amounts due from Lonrho Group undertakings	-	85	-	85
VAT recoverable	35	94	-	-
Pre-payments and accrued income	1,481	1,168	537	330
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	7,346	5,442	2,183	1,408
<b>AMOUNTS DUE AFTER MORE THAN ONE YEAR</b>				
Instalment credit receivables	2,631	2,348	-	-
Finance lease receivables	-	2	-	-
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	9,977	7,792	2,183	1,408
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### 13. CREDITORS

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Trade creditors	2,468	1,126	538	267
Amounts due to other Group undertakings	429	-	429	-
Corporation tax	-	178	-	178
Amounts owed to Lombard North Central plc	26,647	29,153	-	-
Accruals and deferred income	5,110	4,660	945	922
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	34,654	35,117	1,912	1,367
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# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 13. CREDITORS (CONTINUED)

	1998 GROUP	1997	1998 COMPANY	1997
	£'000	£'000	£'000	£'000
<b>AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Amounts owed to Lombard North Central plc and falling due:				
In one to two years	19,867	19,771	-	-
In two to five years	12,804	17,666	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	32,671	37,437	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Amounts owed to Lombard North Central plc are secured by a floating charge on the Group's vehicle fleet and bear interest at LIBOR plus 1.25% .

### 14. PROVISION FOR LIABILITIES AND CHARGES

#### The Group

	1998 £'000	1997 £'000
The potential liability for deferred taxation is represented by:		
Accelerated capital allowances	2,322	2,226
	<hr/>	<hr/>

of which provision has been made for £50,000 (1997 - £50,000).

#### The Company

Potential deferred tax liability at 30 September 1998 is £31,000 (1997 - £7,000) representing accelerated capital allowances, no provision has been made for this. Advance Corporation Tax available for utilisation against future profits of the Company amounts to £77,745 (1997 - £77,745).

# **MASTERDRIVE MANAGEMENT LIMITED**

## **NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

### **15. CALLED UP SHARE CAPITAL**

	<u>1998</u> £'000	<u>1997</u> £'000
Authorised, allotted, called up and fully paid: 1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

### **16. RESERVES**

	<u>PROFIT AND LOSS ACCOUNT</u> <u>GROUP</u> £'000	<u>COMPANY</u> £'000
At 1 October 1997	652	652
Retained profit for the year	483	483
	<u>1,135</u>	<u>1,135</u>
At 30 September 1998	1,135	1,135
	<u>1,135</u>	<u>1,135</u>

### **17. MINORITY INTERESTS**

	<u>1998</u> £'000	<u>1997</u> £'000
At 1 October 1997	2,250	1,872
Share of profit for the year	190	378
	<u>2,440</u>	<u>2,250</u>
At 30 September 1998	2,440	2,250
	<u>2,440</u>	<u>2,250</u>

The minority's share of profit for the year comprises the residual earnings of Masterdrive Limited which do not accrue to the Company under the terms of the operating agreement (Note 2). Opening and closing balances represent the whole of the capital and reserves of Masterdrive Limited.

# MASTERDRIVE MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)

### 18. CAPITAL COMMITMENTS

#### The Group

Contracted expenditure for leasing assets not provided in the accounts (excluding lease quotations not taken up by Customers at the balance sheet date) was £4,374,000 (1997 - £2,487,000).

#### The Company

There were no Capital Commitments at 30 September 1998 or at 30 September 1997.

### 19. ANNUAL COMMITMENT UNDER NON CANCELLABLE OPERATING LEASES

	1998 GROUP £'000	1997 £'000	1998 COMPANY £'000	1997 £'000
<b>LAND AND BUILDINGS</b>				
<u>Expiring</u>				
Between two and five years	547	296	547	296
<b>OTHER</b>				
<u>Expiring</u>				
Within one year	342	-	342	-
Between two and five years	45	-	45	-
	387	-	387	-
<b>TOTAL</b>	934	296	934	296

## **MASTERDRIVE MANAGEMENT LIMITED**

### **NOTES TO THE ACCOUNTS - YEAR ENDED 30 SEPTEMBER 1998 (CONTINUED)**

#### **20. CONTINGENT LIABILITIES**

The Company has given an unlimited composite guarantee in favour of National Westminster Bank Plc for the bank indebtedness of £19m of Dutton-Forshaw Investments Ltd and its subsidiaries. In relation to the guarantee the company has given a fixed and floating charge over all of its assets.

#### **21. PENSIONS COSTS**

The Company is a participating employer in the Dutton-Forshaw Group ("the Group's") Pension Plan, a defined benefit pension scheme for all eligible employees, the assets of which are held in separate, trustee administered funds.

The pension cost is assessed with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuation of the scheme was at 1 October 1996. The principal actuarial assumptions adopted in that valuation were that the annual rate of return on investments would be 2.5% higher than the annual increase in total pensionable remuneration and 4.5% higher than the annual increase in present and future pension payments. The market value of the Pension Scheme's assets, £38,314,000 was sufficient to cover 133% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The actuarial surplus is being spread by the participating companies over the average remaining service lives of the current employees.

On the recommendation of the actuaries, Company contributions to the scheme continue to be suspended. The position will be reviewed again after the next actuarial valuation in October 1999. The total pension cost for the year for the Masterdrive Group was £56,000 (1997 - £40,000). A provision of £177,000 (1997 - £121,000) is included under creditors being the difference between the pension cost, calculated in accordance with Statement of Standard Accounting Practice No. 24, and the amount funded.

#### **22. RELATED PARTY TRANSACTIONS**

The Group has taken advantage of the "90% owned subsidiary" exemption available under Financial Reporting Standard 8 not to disclose any related party transactions with other members of the Dutton-Forshaw Investments Limited group or investees of the Dutton-Forshaw Limited group.

Notes 12 and 13 to these accounts set out the amounts due from and amounts due to Lombard North Central plc.

#### **23. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking and the parent of the smallest group to consolidate these accounts is The Dutton-Forshaw Group Limited, a company incorporated in England and Wales.

As at 30 September 1998 the ultimate parent undertaking and the parent undertaking of the largest group to consolidate these accounts was Dutton-Forshaw Investments Limited, a company incorporated in England and Wales.

Copies of the accounts of The Dutton-Forshaw Group Limited may be obtained from The Threshing Barn, Bignell Park Barns, Chesterton, Bicester, Oxon, OX6 8TD.