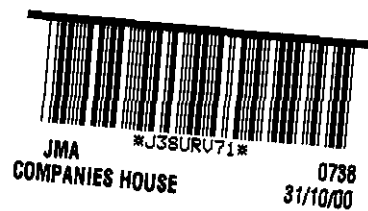


**Masterdrive Management Limited**

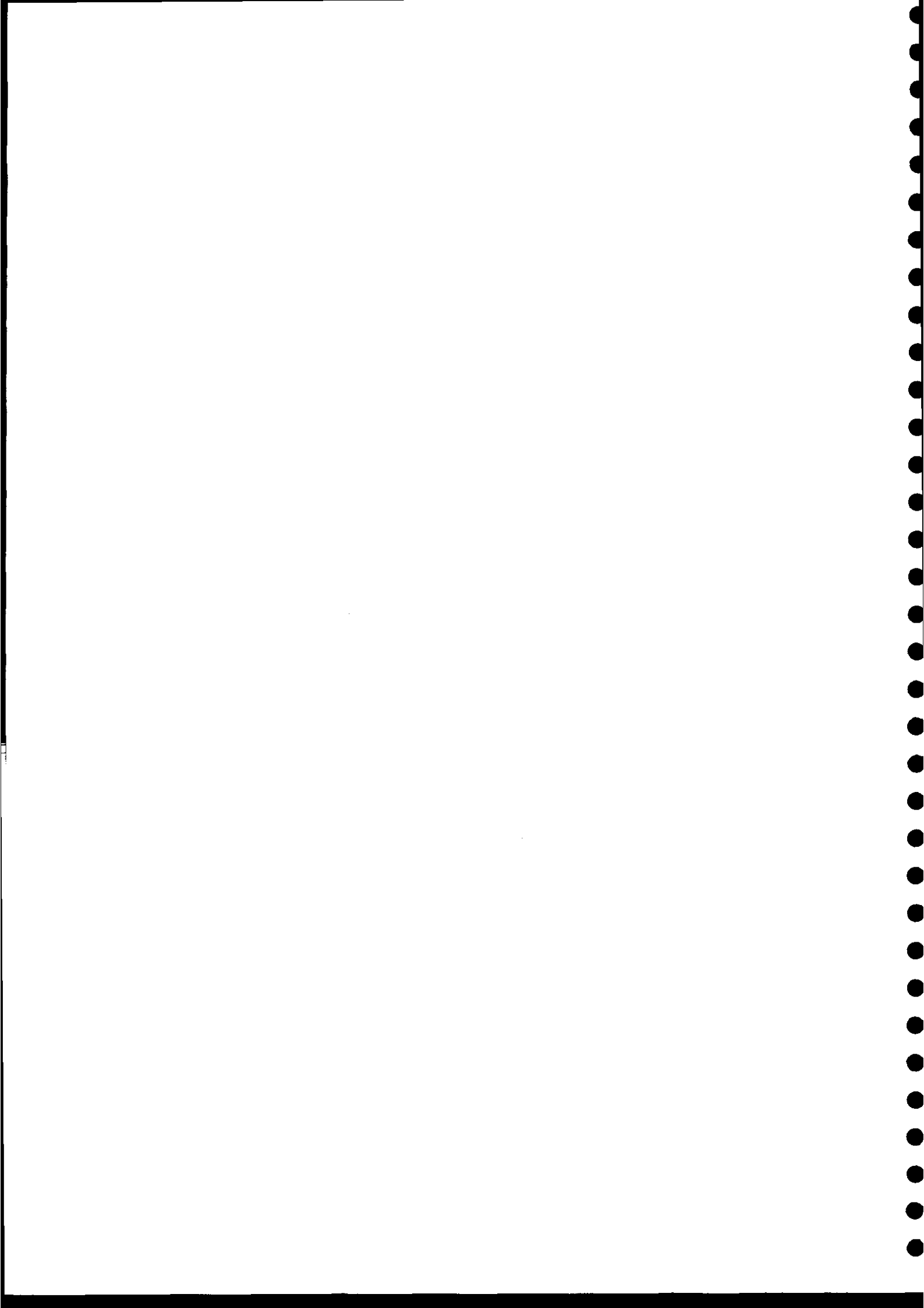
**Directors' report and financial  
statements**

**Registered number 1026943  
15 months ended 31 December 1999**



## Contents

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Report of the auditors to the members of Masterdrive Management Limited	4
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## Directors' report

The directors present their annual report and the audited financial statements for the 15 months to 31 December 1999.

### Principal activities and business review

The principal activities of the Company are the provision of fleet management and lease finance services.

On 15 June 1999, the company's immediate parent company was acquired by debis Car Fleet Management, a subsidiary of DaimlerChrysler Financial Services Limited.

On 30 June 1999 the company transferred its trade, assets and liabilities to debis Car Fleet Management Limited, another group company.

### Results and dividends

The accounts for the 15 month period ended 31 December 1999 show a profit on ordinary activities on £124,000 (1998: £1,580,000). A dividend payment of £1,624,000 was proposed and paid in the period (1998: £1,100,000).

### Year 2000

The company has actions in hand for ensuring that computer systems employed in the business should continue to operate in the Year 2000. Taking into account these actions, the directors have considered the implications of the millennium date change. They do not anticipate that the operational and business issues will have a significant impact on the company, although given the complexities of the issue, complete certainty on this is not possible. Any costs incurred in addressing these issues will be charged directly to the profit and loss account.

### Directors and directors' interests

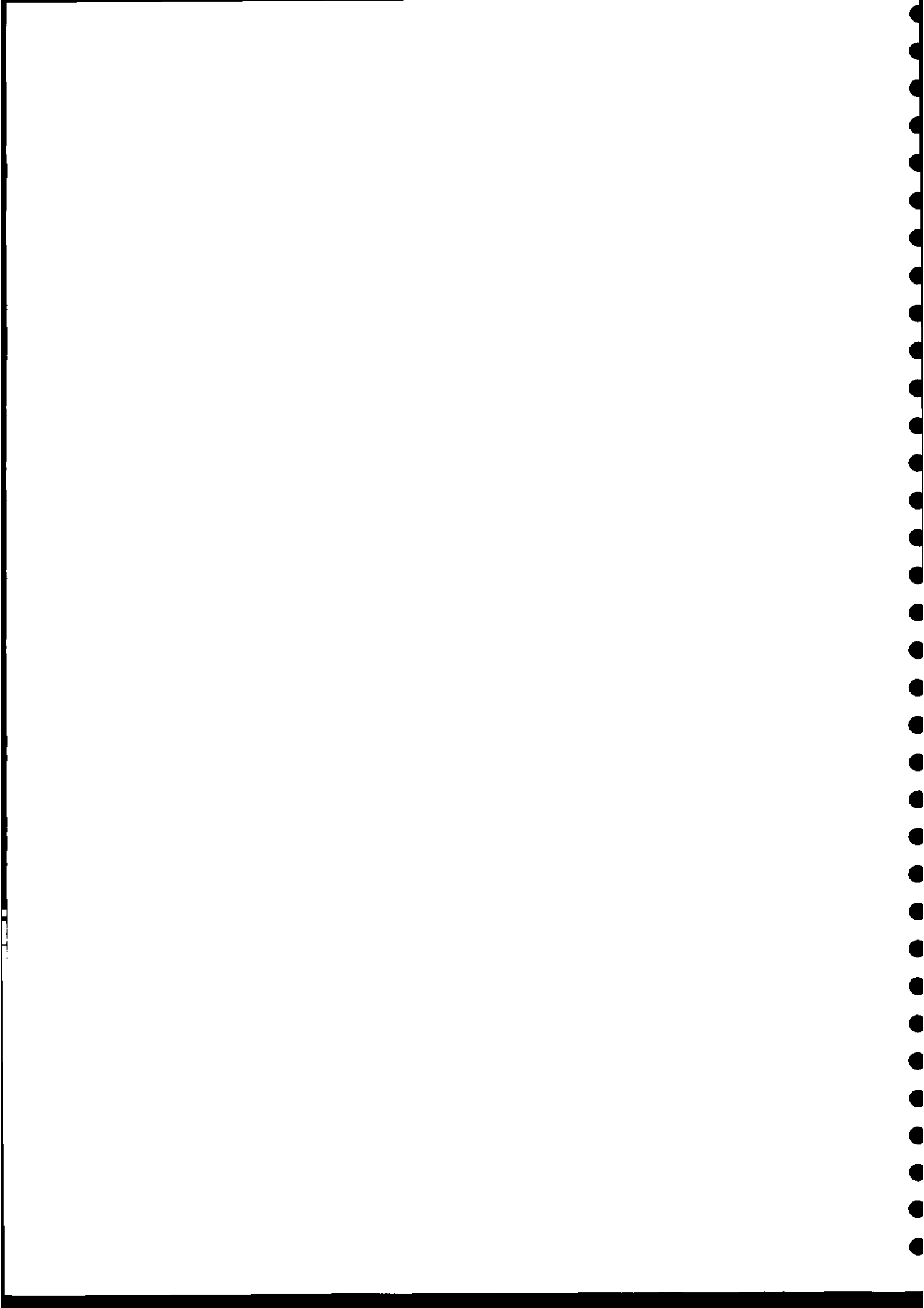
The directors who held office during the period were as follows:

G Robinson	(appointed 24 October 2000)
H von Zastrow - German national	(appointed 15 June 1999)
HD Punchihewa - Company Secretary	(appointed 15 June 1999)
J Lewis	(appointed 15 June 1999)
RW Rider	(resigned 31 December 1999)
JR Robinson	(resigned 15 June 1999)
AN Elliott	(resigned 31 December 1999)
RJ Pridmore	(resigned 31 December 1999)
A Manning	(resigned 15 June 1999)
R Zacharewski	(resigned 28 February 2000)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company or any other of the group companies within the UK.

### Payment of creditors

The company does not follow a specific standard or code for the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contracts. It then seeks to adhere to these arrangements providing it is satisfied that the suppliers have provided the goods or services in accordance with the agreed terms and conditions.



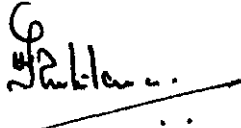
## Directors' report *(continued)*

### Auditors

KPMG Audit Plc were appointed auditors of the company during the period.

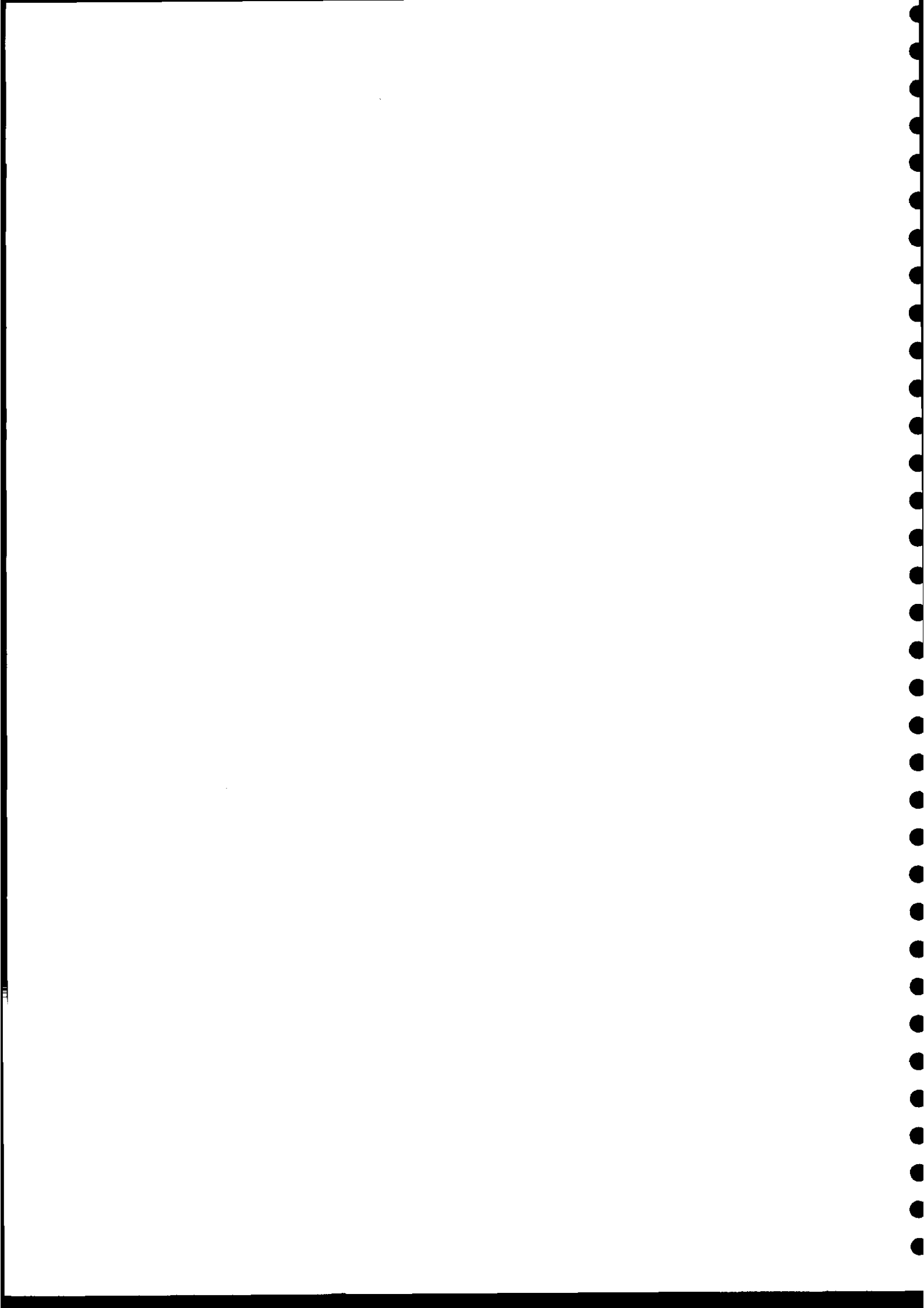
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



HD Punchihewa  
*Secretary*

Benwell House  
Green Street  
Sunbury on Thames  
TW16 6QS



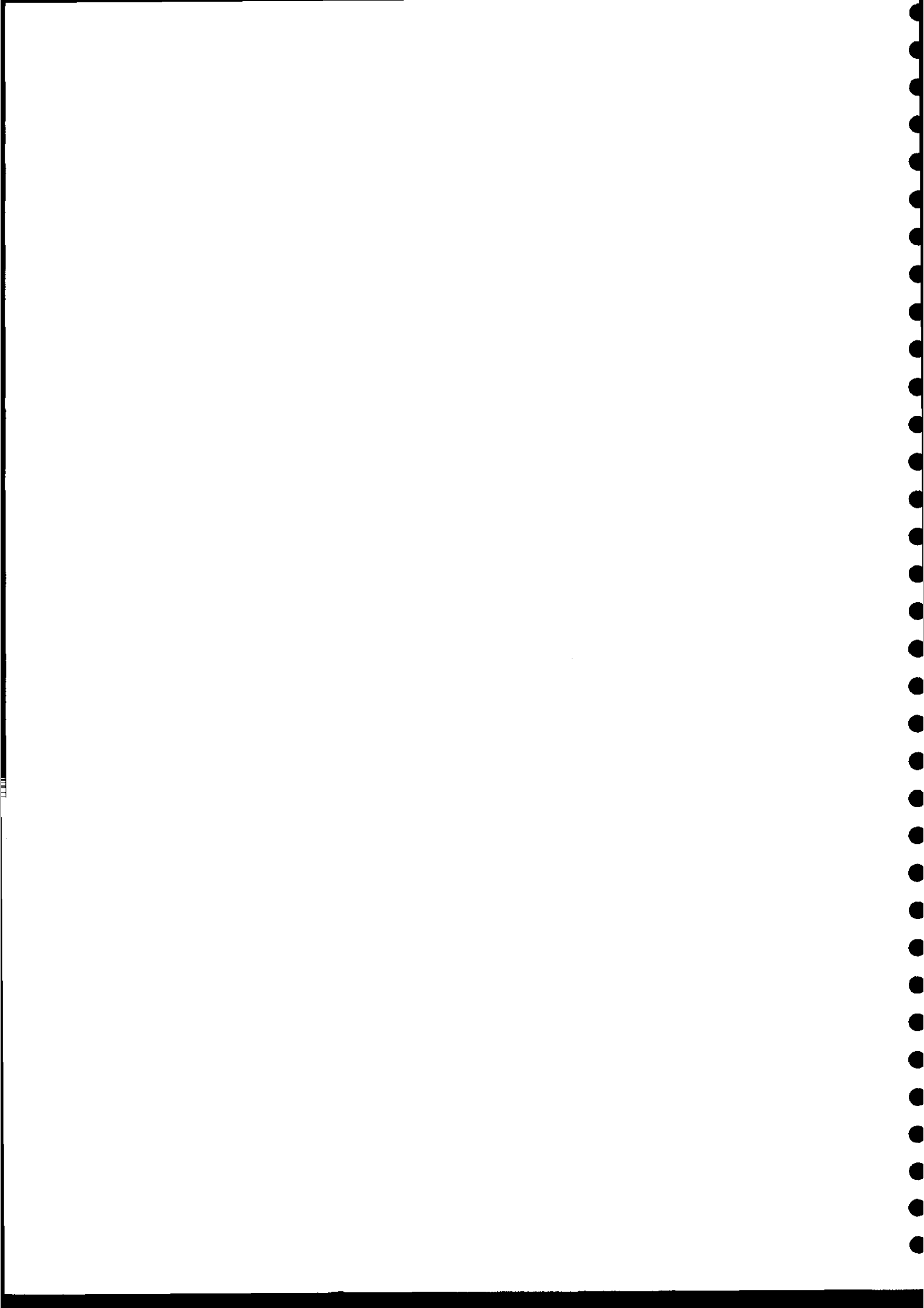
## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.







**KPMG Audit Plc**

Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
Buckinghamshire, MK9 2HA  
United Kingdom

**Report of the auditors to the members of Masterdrive Management Limited**

We have audited the financial statements on pages 5 to 15.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**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.

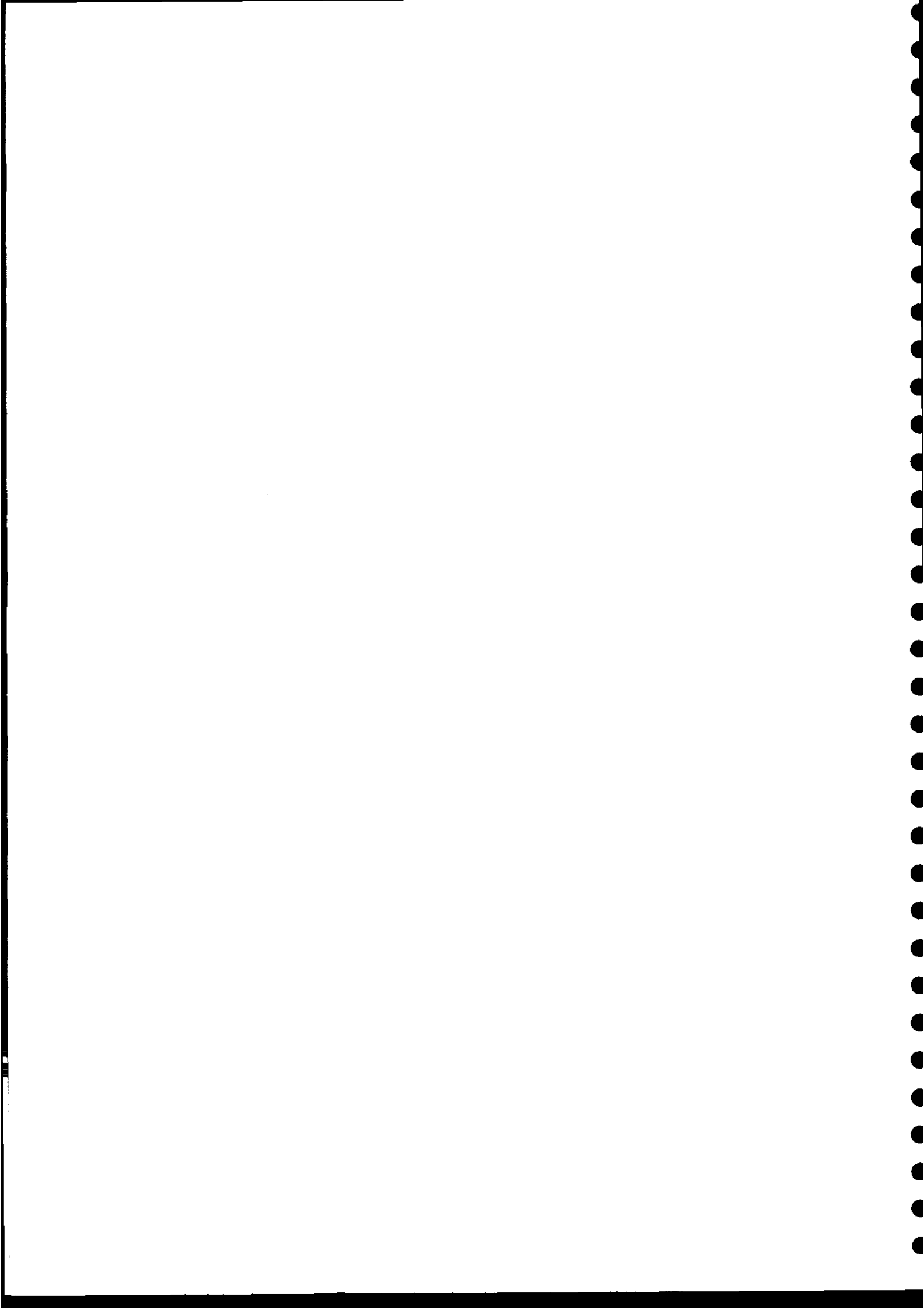
**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*Chartered Accountants  
Registered Auditor*

*30 October 2000*

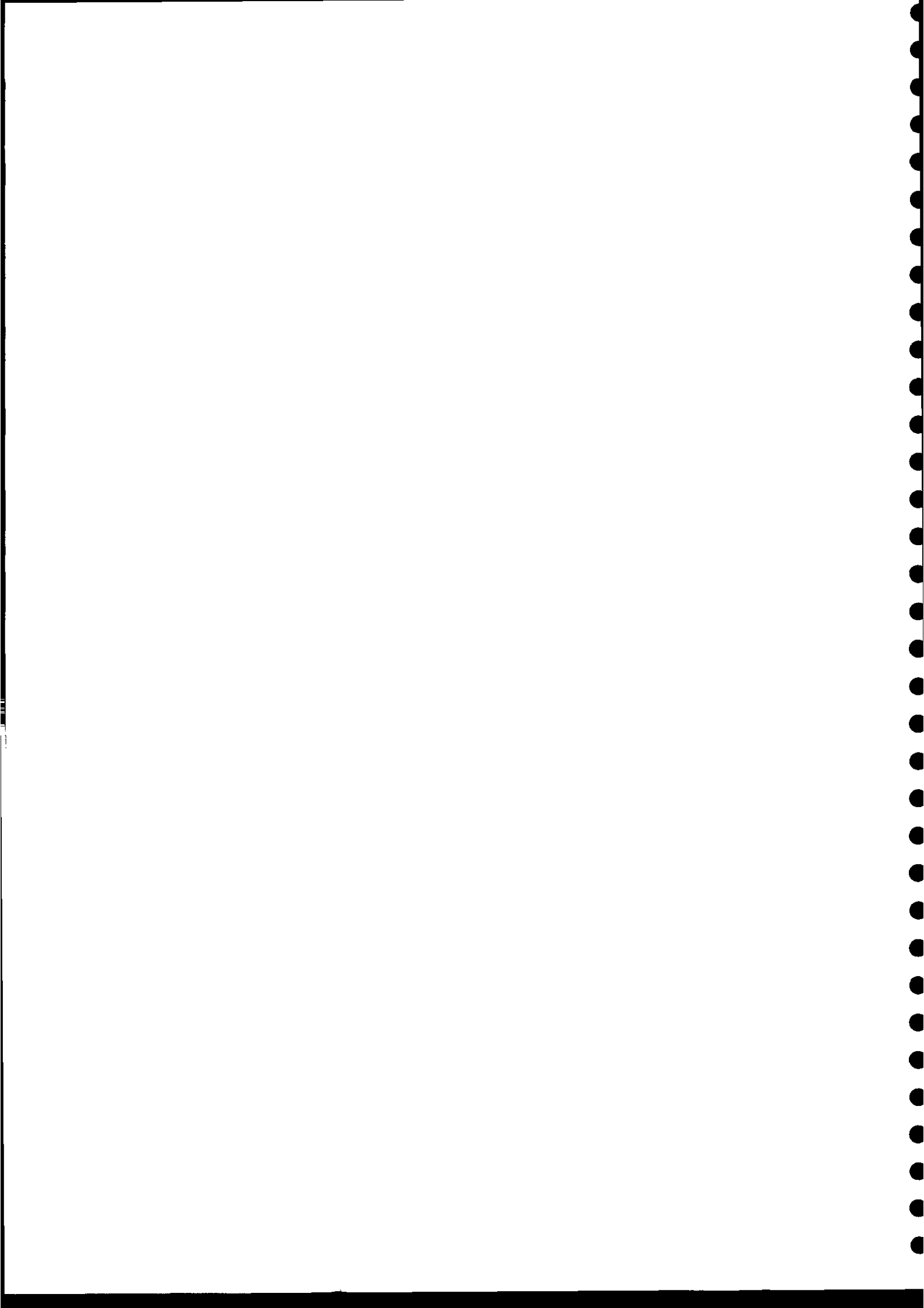


**Profit and loss account**  
*for the period ended 31 December 1999*

	<i>Note</i>	<b>15 months ended 31 December 1999 £000</b>	<b>12 months ended 30 September 1998 £000</b>
<b>Turnover</b>	2	<b>8,598</b>	<b>8,793</b>
Cost of sales		<b>(4,151)</b>	<b>(2,752)</b>
<b>Gross profit</b>		<b>4,447</b>	<b>6,041</b>
Administrative expenses		<b>(4,335)</b>	<b>(4,495)</b>
<b>Operating profit</b>	3-5	<b>112</b>	<b>1,546</b>
Interest receivable	6	<b>12</b>	<b>35</b>
Interest payable	7	<b>-</b>	<b>(1)</b>
<b>Profit on ordinary activities before taxation</b>		<b>124</b>	<b>1,580</b>
Taxation	8	<b>(43)</b>	<b>3</b>
<b>Profit on ordinary activities after taxation</b>		<b>81</b>	<b>1,583</b>
Dividends	9	<b>(1,624)</b>	<b>(1,100)</b>
<b>Retained (loss)/profit for the period</b>		<b>(1,543)</b>	<b>483</b>
Retained profit brought forward		<b>1,135</b>	<b>652</b>
<b>Retained (loss)/profit carried forward</b>	15	<b>(408)</b>	<b>1,135</b>

There are no recognised gains and losses other than those shown above. All results arise from discontinued activities.

The notes on pages 8 to 15 form part of these accounts.



**Balance sheet**  
 at 31 December 1999

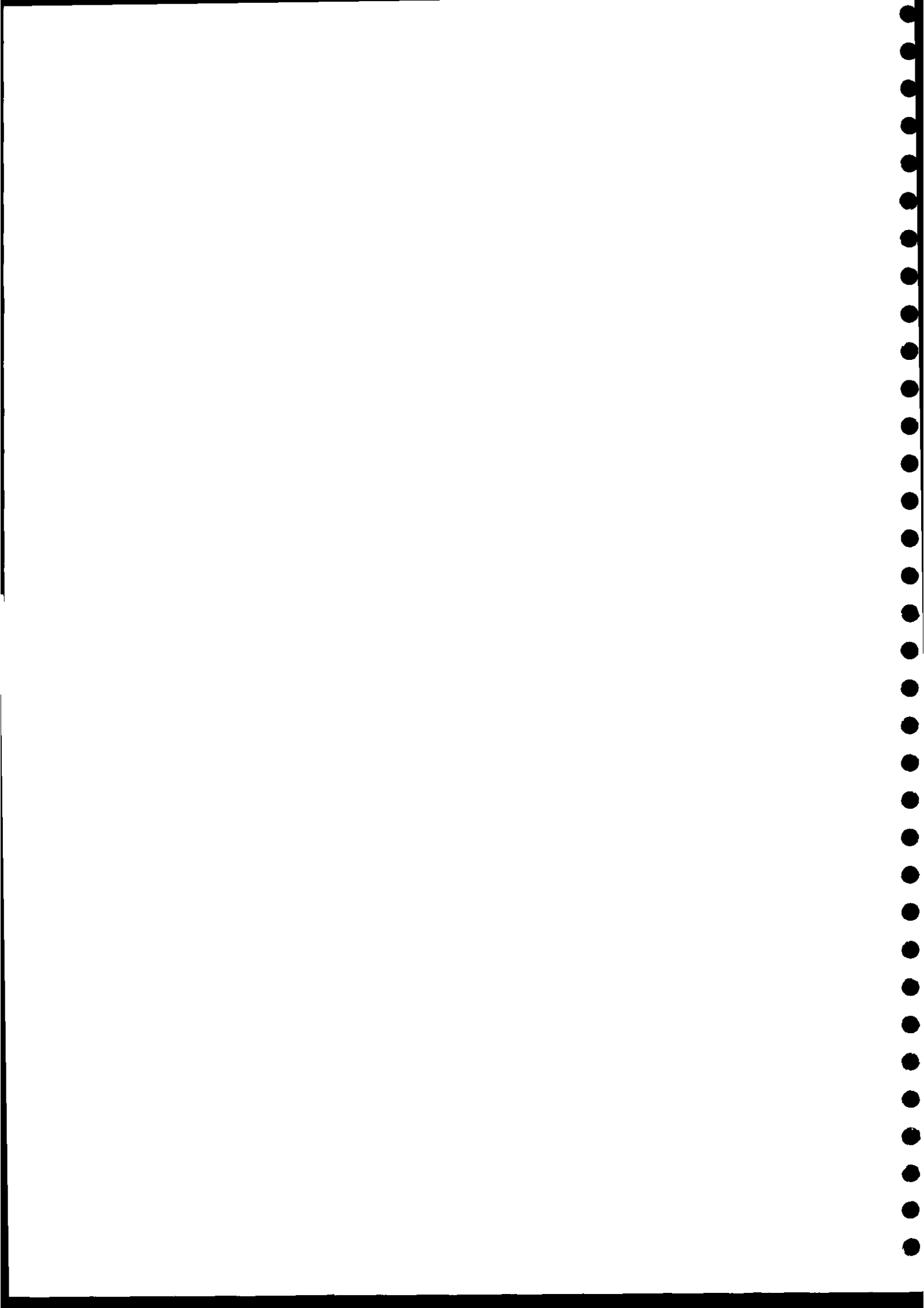
	Note	31 December 1999 £000	30 September 1998 £000
<b>Fixed assets</b>			
Tangible assets	10	-	582
<b>Current assets</b>			
Debtors:	11	-	2,183
Cash at bank and in hand		-	283
		-	2,466
<b>Creditors: amounts falling due within one year</b>	12	(407)	(1,912)
<b>Net current (liabilities)/assets</b>		(407)	554
<b>Total assets less current liabilities</b>		(407)	1,136
<b>Net (liabilities)/assets</b>		(407)	1,136
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	(408)	1,135
<b>Total equity shareholders' funds</b>		-	1,136
<b>Capital employed</b>		(407)	1,136

These financial statements were approved by the board of directors on 30 October 2000 and were signed on its behalf by:



**G Robinson**  
 Director

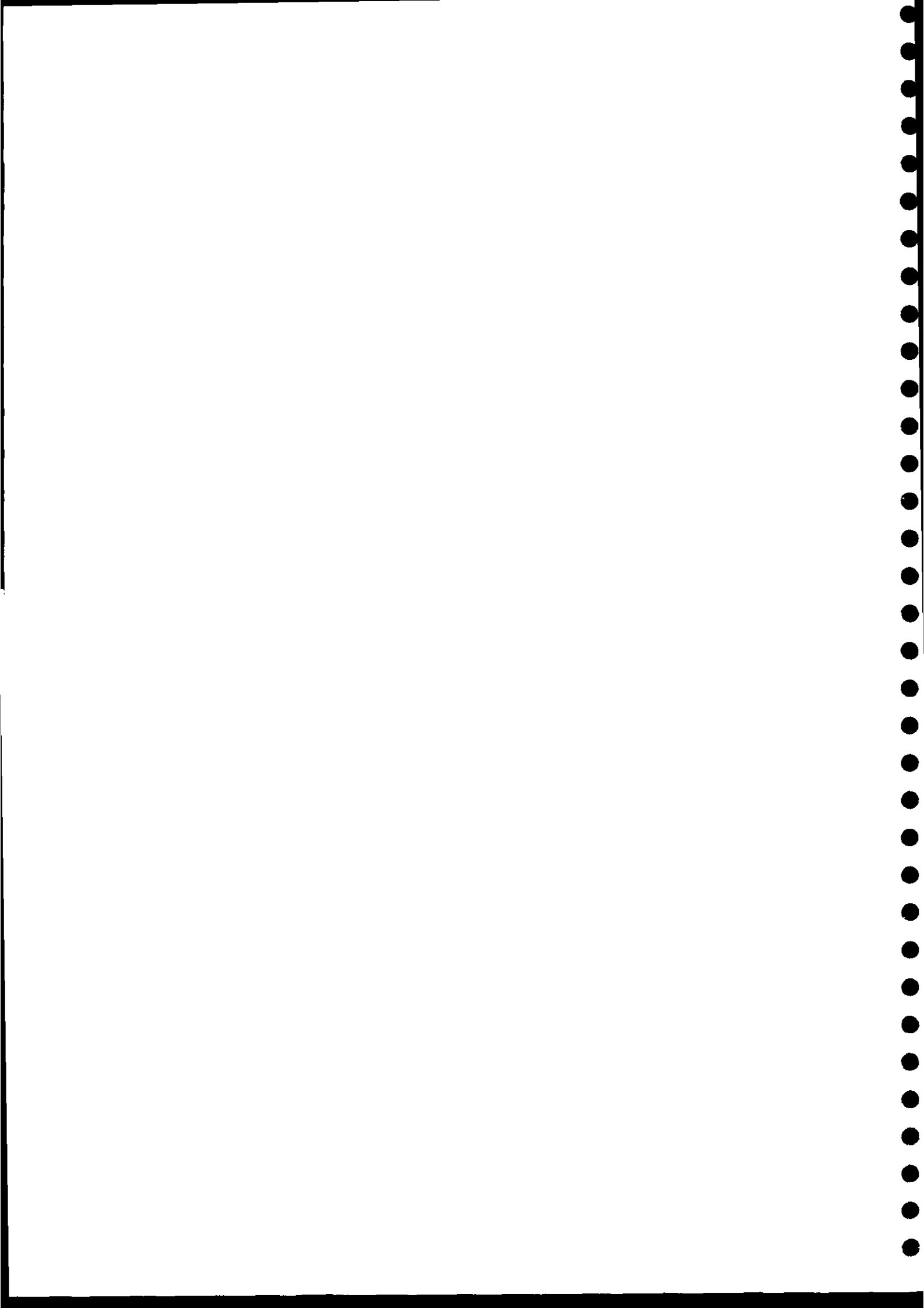
The notes on pages 8 to 15 form part of these accounts.



**Reconciliation of movements in shareholders' funds**  
*for the period ended 31 December 1999*

	1999 £000	1998 £000
<b>Profit attributable to shareholders</b>	<b>81</b>	<b>1,583</b>
Dividends	(1,624)	(1,100)
<b>Net movement in shareholders' funds</b>	<b>(1,543)</b>	<b>483</b>
Shareholders' funds at beginning of period	1,136	653
<b>Shareholders' funds at end of period</b>	<b>(407)</b>	<b>1,136</b>





## 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 under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

#### *Cash flow statement*

The company is ultimately a wholly owned subsidiary of DaimlerChrysler Aktiengesellschaft (DCAG). Under FRS 1 (Revised 1996) the company has taken advantage of the exemption from preparing a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

#### *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 relating 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.

## Notes (continued)

### 1 Accounting policies

#### *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*

During the period the Company participated in the Dutton-Forshaw Group Pension Plan, a defined pension scheme for all eligible employees, the assets of which are held in separate, trustee administered funds (see note 20 for further details).

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.

The benefits accruing to employees of the company Pension Plan were frozen on change of ownership and the members of the Dutton-Forshaw Group Pension Plan were eligible to participate in the pension scheme operated by DaimlerChrysler Financial Services (debt) Limited from that date.

#### *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.

### 2 Turnover

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 arises in the United Kingdom and is exclusive of Value Added Tax.

	1999 £000	1998 £000
Management of the vehicle contract hire activity of Masterdrive Limited	3,807	5,190
Vehicle contract hire and short term rental	4,791	3,603
	<hr/> 8,598	<hr/> 8,793

**Notes (continued)**

**3 Profit on ordinary activities before taxation**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Operating lease charges - land and buildings	379	373
Operating lease charges - other	1	703
Depreciation of tangible fixed assets	349	177
Auditors' remuneration - audit services	8	12
	<hr/>	<hr/>

**4 Directors' emoluments**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
Aggregate emoluments	314	351
	<hr/>	<hr/>

The emoluments of the highest paid director were £118,000 (1998: 105,000). The pension at the year end accrued under a defined benefit scheme in respect of the highest paid director were £22,398 (1998: £18,980). The number of directors to whom retirement benefits are accruing under the defined benefit pension scheme, in respect of their services to this company, is 3 (1998: 3).

**5 Staff numbers and costs**

All staff were employed by the Company. The average number of persons employed by the Company during the period was 96 (1998: 87).

The aggregate payroll costs of these persons were as follows:

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
Wages and salaries	1,778	2,497
Social security costs	202	233
Other pension costs	42	58
	<hr/>	<hr/>
	2,022	2,788
	<hr/>	<hr/>

**Notes** *(continued)*

**6 Interest receivable**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
Bank interest receivable	12	35

**7 Interest payable**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
On bank loans and overdrafts	-	1

**8 Taxation on profit on ordinary activities**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
UK corporation tax charge on the profit for the period at 30% (1998: 30%)	43	-
Adjustments in respect of prior years	-	(3)
	43	(3)

The Company has utilised £nil (1998: £nil) of surplus Advanced Corporation Tax brought forward to reduce the current year tax charge (note 13).

**9 Dividends**

	15 months ended 31 December 1999 £000	12 months ended 30 September 1998 £000
Final dividends paid	1,624	1,100

**Notes (continued)**

**10 Tangible fixed assets**

*Company*

	Assets held for use in operating leases £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning of period	215	928	1,143
Additions	-	132	132
Disposal to group undertaking	(215)	(1,060)	(1,275)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of period	97	464	561
Charge for period	24	325	349
Disposal to group undertaking	(121)	(789)	(910)
	<hr/>	<hr/>	<hr/>
At end of period	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1999	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 September 1998	118	464	582
	<hr/>	<hr/>	<hr/>

**11 Debtors**

	31 December 1999 £000	30 September 1998 £000
<b>Amounts due within one year</b>		
Trade debtors	-	938
Amounts owed by Masterdrive Limited	-	708
Prepayments and accrued income	-	537
	<hr/>	<hr/>
	-	2,183
	<hr/>	<hr/>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	31 December 1999 £000	30 September 1998 £000
Trade creditors	-	538
Amounts owed to debis Car Fleet Management Limited	364	-
Amounts owed to other group undertakings	-	429
Corporation tax	43	-
Accruals and deferred income	-	945
	<u>407</u>	<u>1,912</u>

**13 Provision for liabilities and charges**

Potential deferred tax liability for which no provision has been made at 31 December 1999 is £Nil (1998: £31,000). Advance Corporation Tax available for utilisation against future profits of the Company amounts to £nil (1998: £77,745).

**14 Called up equity share capital**

	31 December 1999 £000	30 September 1998 £000
<i>Authorised, allotted, called up and fully paid</i> 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

**15 Reconciliation of movements in shareholders' funds**

	Share capital £000	Profit and loss account £000	Shareholders' funds £000
At 1 October 1998	1	1,135	1,136
Retained loss for the period	-	(1,543)	(1,543)
At 31 December 1999	<u>1</u>	<u>(408)</u>	<u>(407)</u>

**16 Capital commitments**

There were no capital commitments at 31 December 1999 or at 30 September 1998.

## Notes (continued)

### 17 Annual commitment under non cancellable operating leases

	31 December 1999 £000	30 September 1998 £000
<b>Land and buildings</b>		
<i>Expiring</i>		
Between two and five years	-	547
<b>Other</b>		
<i>Expiring</i>		
Within one year	-	342
Between two and five years	-	45
	-	387
Total	-	934

### 18 Sale of business to group undertaking

On 30 June 1999 the company transferred for net book value its trade and related assets and liabilities to debis Car Fleet Management Limited, another group company.

The net book value of assets and liabilities sold comprised of:

	£000
Fixed assets	365
Current assets	3,167
Creditors: amounts falling due within one year	(3,896)
Net liabilities disposed of to group company	(364)

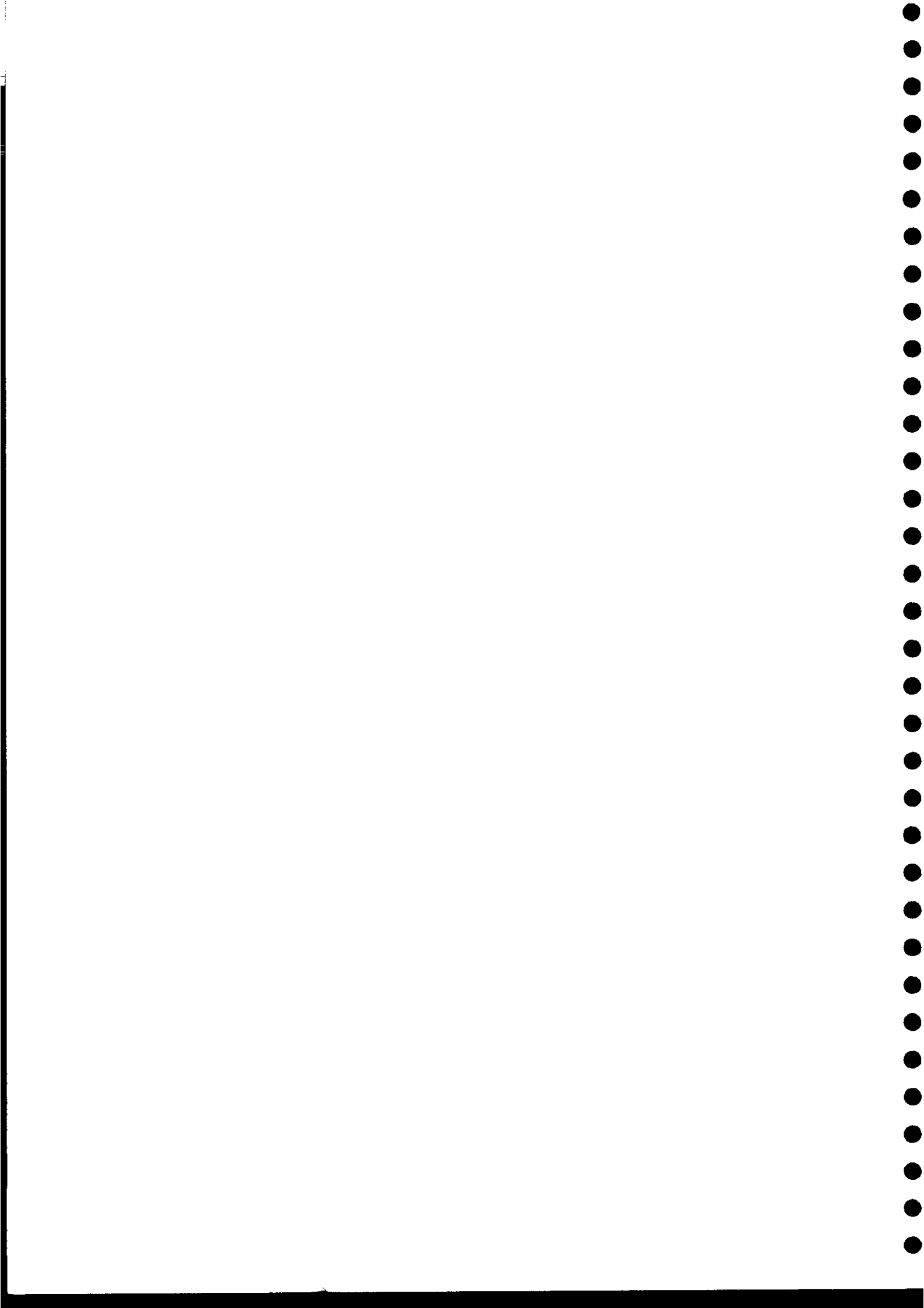
Net book value of assets and liabilities transferred – satisfied through inter-company account.

### 19 Contingent liabilities

There were no contingent liabilities at 31 December 1999.

At 30 September 1998 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 Limited and its subsidiaries. In relation to the guarantee the company has given a fixed and floating charge over all of its assets. This guarantee was released on 15 June 1999.





## Notes (continued)

### 20 Pension costs

The Company was 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 £42,000 (1998: £56,000). A provision of £nil (1998: £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.

### 21 Related party transactions

As all of the company's voting rights are controlled within the group headed by DaimlerChrysler Aktiengesellschaft. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of DaimlerChrysler Aktiengesellschaft, within which this company is included, can be obtained from the address given in note 22.

### 22 Ultimate holding company and parent undertaking of larger group of which the company is a member

The immediate parent company is Masterdrive Group Unlimited, a company incorporated in England and Wales, which is a wholly owned subsidiary of DaimlerChrysler UK Holding Plc.

The company's ultimate holding company and controlling party is DaimlerChrysler Aktiengesellschaft (DCAG) which is incorporated in Germany and heads the only group in which the results of the company are consolidated for statutory purposes. The consolidated accounts of DaimlerChrysler Aktiengesellschaft are available to the public and may be obtained from the offices of:

DaimlerChrysler UK Holding Plc  
The Economist Building  
25 St James Street  
London  
SW1A 1HA

