

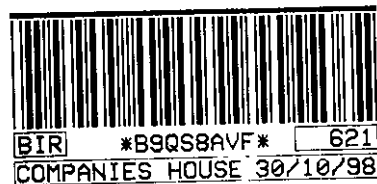
1141626

**REPUBLIC INDUSTRIES ( PROPERTIES) LIMITED**

**formerly EuroDollar (Properties) Limited**

**Directors' report and financial statements**

**31 December 1997**



**REPUBLIC INDUSTRIES (PROPERTIES) LIMITED**  
**formerly EuroDollar (Properties) Limited**

Directors	G E H Corbett I Wardle
Secretary	J M Colton
Registered Office	James House 55 Welford Road Leicester LE2 7AR
Registered Number	1141626
Auditors	Arthur Andersen 1 Victoria Square Birmingham B1 1BD

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the 9 month period ended 31 December 1997.

### **Principal activity**

Following the acquisition of the Company's parent, Republic Industries (Holdings) plc (formerly EuroDollar (Holdings) plc, by Alamo Rent A Car (UK) Limited on 2 October 1997, the Company's ultimate parent undertaking became Republic Industries Inc.

The principal activity of the Company is that of a holding company, providing management services for its subsidiary which is engaged in short term vehicle rental.

### **Change of name**

The Company changed its name to Republic Industries (Properties) Limited with effect from 30 January 1998.

### **Business review**

From September 1995, until November 1997, the Company owned 50% of the shares of Republic Industries Automotive Rental Group (Licensing) Limited (formerly EuroDollar International Limited) as part of a joint venture agreement with the PSA Group.

In November 1997 the company purchased the PSA Group's holding, thereby ending the joint venture agreement.

### **Results and dividends**

The results of the period are as shown on page 4. The Directors approved the payment of an interim dividend of £6,400,000 (year ended March 1997 £1,000,000). The Directors do not recommend payment of a final dividend.

### **Directors**

The Directors who have served during the period are as follows:

I C Mosley (resigned with effect from 6 November 1997)  
S C Westoby (resigned with effect from 15 June 1998)  
G E H Corbett (appointed with effect from 6 November 1997)

I Wardle was appointed as a Director with effect from 15 June 1998.

### **Directors interests**

No Director held any beneficial interest in shares or debentures of the Company nor of its parent or fellow subsidiaries as at 31 December 1997 or at 31 March 1997.

**DIRECTORS' REPORT (continued)**

**Directors' responsibility statement**

Company law requires the Directors to prepare financial statements for each financial period 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; and
- 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 also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

**Auditors**

Price Waterhouse resigned as auditors of the Company with effect from 25 February 1998.

A resolution to appoint Arthur Andersen as auditors of the Company was approved at a Meeting of the Board of Directors held on 3 March 1998.

By order of the Board

  
J M Colton  
Secretary

29 October 1998

**AUDITORS' REPORT TO THE SHAREHOLDERS OF REPUBLIC INDUSTRIES  
(PROPERTIES) LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of Directors and Auditors**

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1997 and the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

Arthur Andersen

Chartered Accountants  
and Registered Auditors

1 Victoria Square  
Birmingham  
B1 1BD

29 October 1998

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1997**

		9 Months to 31 December <u>1997</u>	Year to 31 March <u>1997</u>
	Note	£'000	£'000
Management income		88	80
Administrative expenses		(81)	(82)
		<hr/>	<hr/>
Operating profit/(loss)		7	(2)
Income from shares in Group undertaking		6,000	1,000
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	6,007	998
Tax on profit on ordinary activities	5	-	1
		<hr/>	<hr/>
Profit on ordinary activities after taxation		6,007	999
Dividends on equity shares		(6,400)	(1,000)
		<hr/>	<hr/>
Loss for the period transferred from reserves	12	(393)	(1)
		=====	=====

There were no recognised gains or losses other than those shown in the profit and loss account above.

The notes on pages 6 to 13 form part of these financial statements.

**REPUBLIC INDUSTRIES (PROPERTIES) LIMITED**  
**formerly EuroDollar (Properties) Limited**

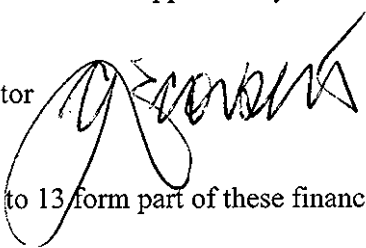
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**BALANCE SHEET AT 31 DECEMBER 1997**

	Note	31 December 1997	31 March 1997
		£'000	£'000
<b>Fixed Assets</b>			
Tangible assets	6	-	61
Investments	7	9	5
		<u>9</u>	<u>66</u>
<b>Current assets</b>			
Debtors	8	6,520	1,451
<b>Creditors: amounts falling due within one year</b>	9	(6,420)	(1,010)
		<u>100</u>	<u>441</u>
<b>Net current assets</b>			
		<u>109</u>	<u>507</u>
<b>Total assets less current liabilities</b>			
		<u>109</u>	<u>507</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	10	-	(5)
		<u>109</u>	<u>502</u>
<b>Net assets</b>		<u>109</u>	<u>502</u>
		=====	=====
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	108	501
		<u>109</u>	<u>502</u>
<b>Shareholders' funds</b>	13	<u>109</u>	<u>502</u>
		=====	=====
Equity		109	502
Non-equity		-	-
		<u>109</u>	<u>502</u>
		=====	=====

These financial statements were approved by the Board of Directors on 29 October 1998 and signed on its behalf by:

G E H Corbett Director



The notes on pages 6 to 13 form part of these financial statements.

**NOTES**

**1 Accounting policies**

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

**Tangible fixed assets and depreciation**

Depreciation on fixed assets is computed to write off their cost on a straight line basis over their expected useful lives as follows:

Plant and machinery, fixtures and fittings	- 3 to 10 years.
---	------------------

**Taxation**

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation assets and liabilities are calculated using the liability method and are recognised or provided for to the extent that it is probable that an asset or liability will crystallise in the foreseeable future. No payments are made or received in respect of group relief.

**Pensions**

Based on independent actuarial advice, pension costs are charged to the profit and loss account on a basis whereby the regular cost is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average expected remaining service lives of current pensionable employees.

**Cash flow statement**

The Company's results are consolidated by Alamo Rent A Car (UK) Limited which has adopted the provisions of FRS1 (Revised). Accordingly, the Company has elected to utilise the exemption provided by FRS 1 (Revised) and has not prepared a cash flow statement.

**Exemption from preparing Group accounts**

Consolidated financial statements have not been prepared as the Company has taken advantage of the exemption provided in section 228 of the Companies Act 1985, as the Company is a wholly owned subsidiary of a parent incorporated within the European Community.

**Related party transactions**

The Company has taken advantage of the exemption allowed by FRS8 not to disclose related party transactions with companies, 90% or more of whose voting rights are controlled within the Alamo Rent A Car (UK) Limited group.



**NOTES (continued)**

**2 Profit on ordinary activities before taxation**

9 Months to 31 December <u>1997</u>	Year to 31 March <u>1997</u>
£'000	£'000

**This is stated after charging:**

Depreciation of tangible fixed assets	61	40
Management fee from immediate parent undertaking	20	25

**3 Remuneration of Directors**

The emoluments of the Directors are borne by other Group undertakings and no specific charges are received by the Company in respect of their services to the Company. The amount of the Directors emoluments, which are deemed to be in respect of their services to the Company amount to £nil (year to March 1997 £nil).

**4 Employee numbers and costs**

**Number of employees**

9 Months to 31 December <u>1997</u>	Year to 31 March <u>1997</u>
Average number of employees including Directors all employed in the United Kingdom	2
=====	=====

The aggregate payroll costs of these employees were £nil (year to March 1997 £nil).

**REPUBLIC INDUSTRIES (PROPERTIES) LIMITED**  
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**NOTES (continued)**

5	<b>Taxation</b>	9 Months to 31 December 1997 £'000	Year to 31 March 1997 £'000
	UK corporation tax payable for current period	-	(10)
	Deferred taxation at credit/(charge) for current period	-	11
	Under provision prior years	-	(4)
	ACT recoverable previously surrendered	-	4
		<hr/>	<hr/>
		-	1
		=====	=====

No provision for taxation has been made as the Company has been able to utilise losses from elsewhere within the Group and therefore the Directors consider that a payment is unlikely.

6	<b>Tangible fixed assets</b>	Plant and machinery, fixtures and fittings £'000
	<b>Cost</b>	
	At 1 April 1997	552
	Additions	-
		<hr/>
	At 31 December 1997	552
		<hr/>
	<b>Depreciation</b>	
	At 1 April 1997	491
	Charge for period	61
		<hr/>
	At 31 December 1997	552
		<hr/>
	<b>Net book value</b>	
	At 31 December 1997	-
		=====
	At 1 April 1997	61
		=====

**NOTES (continued)**

**7 Investments**

	Subsidiary undertakings £'000	Associate undertakings £'000	Total £'000
At 1 April 1997	1	4	5
Changes in the period	8	(4)	4
	<hr/>	<hr/>	<hr/>
At 31 December 1997	9	-	9
	=====	=====	=====

The wholly owned subsidiary undertakings are National Car Rental Limited, which is incorporated and operates in England in the activity of short term vehicle rental and Republic Industries Automotive Rental Group (Licensing) Limited which is also incorporated in England and which operates in Europe, the Middle East and Africa, as a franchisor promoting the vehicle rental systems of Republic Industries.

In the opinion of the Directors, the value of investments in these subsidiary undertakings is not less than the cost recorded in the financial statements.

**8 Debtors**

	31 December 1997 £'000	31 March 1997 £'000
Amounts owed by fellow subsidiary undertakings	6,060	1,000
Amounts owed by parent undertaking	460	451
	<hr/>	<hr/>
	6,520	1,451
	=====	=====

**NOTES (continued)**

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

	31 December 1997	31 March 1997
	£'000	£'000
Amounts owed to parent undertaking	6,420	-
Dividends proposed	-	1,000
Corporation tax	-	10
	<hr/>	<hr/>
	6,420	1,010
	=====	=====

**10 Deferred taxation**

The movement on deferred taxation during the period is as follows:

	£'000
At 1 April 1997	5
Profit and loss account	(5)
	<hr/>
At 31 December 1997	-
	=====

The principal components of the deferred taxation provision are set out below:

	31 December 1997	31 March 1997
	£'000	£'000
Difference between accumulated depreciation and capital allowances	-	5
	<hr/>	<hr/>
	-	5
	=====	=====

The amount of unprovided deferred tax at 31 December 1997 was £nil (31 March 1997 £nil).

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**NOTES (continued)**

**11 Called up share capital**

	31 December <u>1997</u> £	31 March <u>1997</u> £
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	100 =====	100 =====

**12 Reserves**

	Profit and loss account  £'000
At 1 April 1997	501
Loss for the period	(393)
	-----
At 31 December 1997	108 =====

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

	31 December <u>1997</u>  £'000	31 March <u>1997</u>  £'000
Profit for the period	6,007	999
Dividends on equity shares	(6,400)	(1,000)
	-----	-----
Net deduction from shareholders' funds	(393)	(1)
Opening shareholders' funds	502	503
	-----	-----
Closing shareholders' funds	109 =====	502 =====

**NOTES (continued)**

**14 Commitments**

- (i) The company had no capital commitments at 31 December 1997 or at 31 March 1997.  
(ii) The Company had annual commitments under non-cancellable operating leases in respect of short leasehold properties as follows:

	31 December 1997 £'000	31 March 1997 £'000
Operating leases which expire:		
Within one year	14	-
Between one and five years	84	83
After five years	465	485
	<u>563</u>	<u>568</u>
	=====	=====

The above properties are all occupied by a subsidiary undertaking and rent and related costs are borne by that company.

**15 Pension scheme**

The Company is a member of a funded defined benefit pension scheme established by Republic Industries (Holdings) plc (formerly EuroDollar (Holdings) plc) and known as the Republic Industries Pension Scheme (formerly EuroDollar (Holdings) Pension Scheme).

Information on the Republic Industries Pension Scheme is contained in the Alamo Rent A Car (UK) Limited financial statements for the year ended 31 December 1997.

**16 Contingent liabilities**

The Company along with other Group undertakings have created guarantees in favour of two finance companies in respect of the due payment and performance of certain liabilities and obligations of National Car Rental Limited, a fellow subsidiary undertaking.

The Directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the Company.

**NOTES (continued)**

**17 Ultimate parent undertaking**

The Company's ultimate parent and controlling undertaking is Republic Industries Inc., a company registered in the United States of America.

The largest group into which the Company's results are consolidated is that controlled by Republic Industries Inc. The smallest group into which the Company's results are consolidated is Alamo Rent A Car (UK) Limited.

Copies of the financial statements of Alamo Rent A Car (UK) Limited for the year ended 31 December 1997 are available from The Secretary, Alamo Rent A Car (UK) Limited, James House, 55 Welford Road, Leicester LE2 7AR.

**18 Prior Year comparatives**

Amounts shown in respect of the prior period which are presented for comparative purposes, were audited by a firm of accountants other than Arthur Andersen.