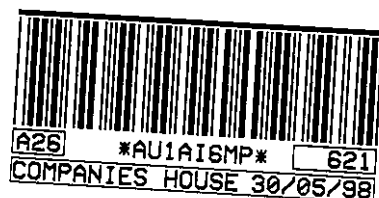


# **FLEETLEASE**

**FLEETLEASE (UK) LIMITED**  
**(Registered Number: 1413993)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 1998**



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## **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and financial statements for the year ended 31st March 1998.

### **BUSINESS REVIEW**

The company's main activity is the provision of contract hire and fleet management services.

The results for the period are set out in the profit and loss account on page 5. It is anticipated that the business will continue to expand by organic growth.

### **DIRECTORS**

The directors during the year and their beneficial interests in the share capital of the immediate holding company Hitachi Credit (UK) PLC were as follows :

	Shareholding at 31st March 1998	Shareholding at 1st April 1997
D. G. Anthony	7,586	-
S. C. Oliphant	-	-
N. Sakamoto	7,404	-
P. W. Scott	-	-
A. Syme	-	-
R. Whalley	7,404	-

No director had a beneficial interest in the share capital of the company or any company in the group, other than Hitachi Credit (UK) PLC, during the year.

The directors retiring by rotation are S.C. Oliphant and R. Whalley who being eligible, offer themselves for re-election.

### **EMPLOYEES**

The directors believe that the maintenance of a highly skilled and committed workforce is a key element in the continuing success of the business.

The company complies fully with all existing legislation concerning health and safety at work and provides in-house training for employees. The company has a commitment to ensure that employment is offered to employees who become temporarily or permanently disabled, and to identify positions which could be filled by disabled persons.

### **DIVIDENDS**

The directors recommend the payment of a final dividend of 10 pence per share . The total distribution of dividends for the year to 31st March 1998 will be £170,000.

## **DIRECTORS' REPORT**

### **CREDITOR PAYMENT POLICY**

The company aims to settle supplier accounts in accordance with their individual terms of business. The number of days billings from suppliers outstanding at the year end was 4 days.

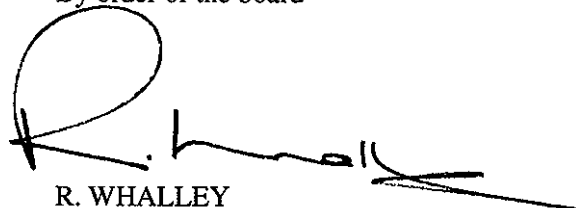
### **CHARITABLE DONATIONS**

During the year the company made charitable donations of £595 (1997: £200).

### **AUDITORS**

Our auditors, KPMG, have indicated that a limited company, KPMG Audit Plc is to undertake part of their business. Accordingly the directors appointed KPMG Audit Plc to conduct the audit for this year, and in accordance with section 385 of the Companies Act 1985 a resolution for their re-appointment is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'R. Whalley', is written over the printed name.

R. WHALLEY  
Director  
29<sup>th</sup> May 1998

Furlong House  
Hambridge Road  
Newbury, Berkshire  
RG14 5UT

**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.

**REPORT OF THE AUDITORS, KPMG Audit Plc**  
**TO THE MEMBERS OF FLEETLEASE (UK) LIMITED**

We have audited the financial statements on pages 6 to 16.

**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 of 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 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*29/5/98*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Arlington Business Park  
Theale  
Reading  
Berks  
RG7 4SD

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31st March, 1998**

	Notes	1998 £'000	1997 £'000
Turnover	2	45,289	36,531
Cost of sales		(32,506)	(26,299)
Gross profit		12,783	10,232
Administrative expenses		(3,861)	(3,585)
Operating profit		8,922	6,647
Interest payable	6	(6,530)	(4,681)
Profit on ordinary activities before taxation	3	2,392	1,966
Tax on profit on ordinary activities	7	(759)	(666)
Profit on ordinary activities after taxation		1,633	1,300
Dividend - proposed		(170)	-
Retained profit for the financial year		1,463	1,300
Retained profit brought forward		2,714	1,414
Retained profit carried forward		4,177	2,714

The attached notes form part of these financial statements.

There are no recognised gains and losses, other than the profit for the financial year, and accordingly no Statement of Total Recognised Gains and Losses has been produced.

Turnover and profit on ordinary activities before taxation for both years relate exclusively to continuing operations.

# FLEETLEASE

## BALANCE SHEET As at 31st March, 1998

	Notes	1998		1997	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	8		113,513		91,258
<b>CURRENT ASSETS</b>					
Stock	9	1,344		1,172	
Debtors	10	4,795		3,687	
Cash at bank and in hand		271		-	
		6,410		4,859	
Creditors: amounts falling due within one year	11	(19,872)		(15,083)	
Net current liabilities			(13,462)		(10,224)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			100,051		81,034
Creditors: amounts falling due after more than one year	12		(91,647)		(75,095)
Provisions for liabilities and charges	13		(2,527)		(1,525)
Net assets			5,877		4,414
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,700		1,700
Profit and loss account			4,177		2,714
Shareholders' funds	15		5,877		4,414

The attached notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 29<sup>th</sup> May 1998

R. WHALLEY

Director



## **NOTES TO 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 in accordance with applicable accounting standards, and under the historic cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Hitachi Credit UK PLC, 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 Hitachi Credit UK PLC, within which this company is included, can be obtained from the address given in note 19.

#### **Income**

Rentals receivable on leasing and hire vehicles are credited to the profit and loss account on a straight line basis over the period of the lease or hire agreement.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of tangible assets, less any residual value, over their estimated useful lives as follows:

Furniture, fittings and equipment	-	4 years
Leasing and hire motor vehicles	-	period of the lease or hire agreement
Own motor vehicles	-	4 years

Depreciation on leasing and hire vehicles is charged to the profit and loss account on a rising scale over the period of the lease so that gross profit is recognised in proportion to the funds invested in each agreement.

#### **Stock**

Stock, representing used vehicles, is valued at the lower of cost and net realisable value.

#### **Leases**

Where the company enters into a lease which does not entail taking substantially all the risks and rewards of ownership of an asset, the lease is accounted for as an operating lease. The rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

**NOTES TO THE FINANCIAL STATEMENTS****Taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

**2. TURNOVER**

Turnover comprises rental and other income from vehicle hire and leasing, and profit from the disposal of vehicles, exclusive of VAT, all arising from activities in the UK.

Included in turnover is £42,310,000 (1997: £33,782,000) in respect of vehicle hire and leasing rental income.

**3. PROFIT ON ORDINARY  
ACTIVITIES BEFORE TAXATION**

	<b>1998</b>	<b>1997</b>
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on owned tangible fixed assets	25,742	20,492
Operating lease costs - land and buildings	70	70
Auditors' remuneration – audit	19	20
Auditors' remuneration - other services	12	8
Profit on disposal of fixed assets	(2,006)	(2,032)
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS****4. STAFF NUMBERS AND COSTS**

The average number of persons employed by the company during the year (including directors) was as follows:

	<b>1998</b> Number	<b>1997</b> Number
Management	13	12
Administration	50	39
New Business	14	15
	<hr/>	<hr/>
	77	66
	<hr/>	<hr/>

Staff costs, including directors' remuneration (see note 5), were as follows:

	<b>1998</b> £'000	<b>1997</b> £'000
Salaries	2,003	1,718
Social security costs	204	195
Pension costs	219	165
	<hr/>	<hr/>
	2,426	2,078
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**

<b>5. REMUNERATION OF DIRECTORS</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Directors emoluments	277	269

The aggregate of the emoluments of the highest paid director was £103,000 (1997:93,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £5,600 (1997: £3,100).

	<b>1998</b>	<b>1997</b>
	<b>Number of directors</b>	
Retirement benefits are accruing to the following number of directors under:		
Defined benefit scheme	3	3

<b>6. INTEREST PAYABLE</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to parent undertaking	6,530	4,681

<b>7. TAXATION</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Current year		
Corporation tax at 31%	109	-
Deferred tax (Note 13)	655	649
Prior year:		
Corporation tax	(352)	198
Deferred tax	347	(181)
	759	666

# NOTES TO THE FINANCIAL STATEMENTS

## 8. TANGIBLE FIXED ASSETS

	Leasing & Hire Vehicles	Own Motor Vehicles	Fixtures Fittings & Equipment	Totals
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31st March 1997	120,884	335	904	122,123
Additions	61,768	171	179	62,118
Returns	(32,767)	(177)	(6)	(32,950)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1998	149,885	329	1,077	151,291
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31st March 1997	30,352	104	409	30,865
Charge for the period	25,353	70	319	25,742
Returns	(18,770)	(55)	(4)	(18,829)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1998	36,935	119	724	37,778
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31st March 1998	112,950	210	353	113,513
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	90,532	231	495	91,258
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****9. STOCK**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Motor vehicles held for resale	1,344	1,172
	<hr/>	<hr/>

**10. DEBTORS**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,600	2,103
Other debtors	2,225	812
Prepayments and accrued income	970	772
	<hr/>	<hr/>
	4,795	3,687
	<hr/>	<hr/>

**11. CREDITORS: amounts falling due within one year**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdraft	-	203
Trade creditors	4,196	2,842
Corporation tax	109	-
Other creditors	911	487
Deferred income	5,889	4,402
Accruals	8,597	7,149
Dividend payable	170	-
	<hr/>	<hr/>
	19,872	15,083
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****12. CREDITORS:** amounts falling due after more than one year

	<b>1998</b> £'000	<b>1997</b> £'000
Amounts owed to parent undertaking	91,647	75,095
	<hr/>	<hr/>

Interest on amounts owed to the parent undertaking was charged at varying rates. The amounts due are unsecured and repayable within five years.

**13. DEFERRED TAXATION**

The amounts provided for deferred taxation, which also represent the full potential liability, are :

	<b>1998</b> £'000	<b>1997</b> £'000
Accelerated capital allowances	3,777	2,457
Short term timing differences	(1,250)	(932)
	<hr/>	<hr/>
	2,527	1,525
	<hr/>	<hr/>

The movement on deferred tax is:

At start of period	1,525	1,057
Transfer from/(to) Profit and Loss account in respect of:		
Current year	655	649
Prior year	347	(181)
	<hr/>	<hr/>
At end of period	2,527	1,525
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS****14. CALLED UP SHARE CAPITAL**

	<b>1998</b>		<b>1997</b>	
Authorised	Number	£'000	Number	£'000
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
Allotted, called up and fully paid				
Ordinary shares of £1 each	1,700,000	1,700	1,700,000	1,700
	<hr/>	<hr/>	<hr/>	<hr/>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1998</b> £'000	<b>1997</b> £'000
Profit for the financial year	1,633	1,300
Dividends	(170)	-
	<hr/>	<hr/>
	1,463	1,300
New capital subscribed	-	1,000
	<hr/>	<hr/>
Net additions to shareholders' funds	1,463	2,300
Opening shareholders' funds	4,414	2,114
	<hr/>	<hr/>
Closing shareholders' funds	5,877	4,414
	<hr/>	<hr/>

**16. COMMITMENTS**

The company has annual commitments under operating leases for land and buildings:

	<b>1998</b> £'000	<b>1997</b> £'000
Operating leases which expire within 1 year	70	70
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS****17. CAPITAL COMMITMENTS**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for but not provided	11,262	10,928

**18. PENSION SCHEME**

The Company operates a pension scheme providing benefits based on final pensionable earnings. The scheme is set up under trust and the assets are therefore held separately from the Company.

The scheme was set up with effect from 1st April 1998 prior to which the company participated in the Hitachi Sales (UK) Limited 1971 Pension and Life Assurance Scheme (the 1971 scheme). Under the terms of an agreement between the company and Hitachi Home Electronics (Europe) Limited a share of fund transfer, based on the membership as at 1st April 1998, is due to take place later this year.

During the year the company contributed £219,000 to the 1971 scheme. The actuary to the scheme advised that had the partition of assets and liabilities taken place on 1st April 1997, the theoretical pension charge, taking account of the ACT change in the Budget, would not have been materially different from the contributions actually paid. Accordingly, the company has charged this amount to the profit and loss account for the year.

The pension expense for 1998 will be based on actuarial valuation of the scheme at 1st April 1998.

**19. PARENT AND ULTIMATE PARENT UNDERTAKING**

Hitachi Credit (UK) PLC, a company registered in England and Wales, is the parent undertaking of the smallest group to consolidate the financial statements of Fleetlease (UK) Limited. Copies of the financial statements of this company can be obtained from:

Wallbrook Business Centre  
Green Lane  
Hounslow  
Middlesex  
TW4 6NW

Hitachi Limited, a company incorporated in Japan, is the ultimate parent company and the parent undertaking of the largest group to consolidate the financial statements of Fleetlease (UK) Limited. Copies of the financial statements of this company can be obtained from:

6, Kanda-Surugadai 4-chome  
Chiyoda-ku  
Tokyo 101  
Japan.