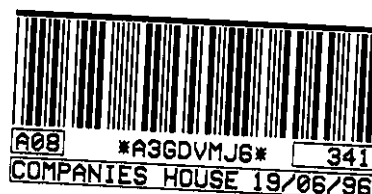


**FLEETLEASE (UK) LIMITED**  
(Registered Number: 1413993)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 1996**



## **FLEETLEASE (UK) LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and financial statements for the year ended 31st March, 1996.

#### **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 were as follows:

D.G. Anthony  
S.C. Oliphant  
N. Sakamoto  
P.W. Scott  
A. Syme  
R. Whalley

The directors retiring by rotation are D. G. Anthony and N. Sakamoto who, being eligible, offer themselves for re-election.

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

#### **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 AND TRANSFER TO RESERVES**

The profit for the financial year after taxation of £631,000 has been transferred to reserves.

The directors do not recommend the payment of a dividend (1995: NIL).

## **FLEETLEASE (UK) LIMITED**

### **DIRECTORS' REPORT**

#### **CREDITOR PAYMENT POLICY**

The company aims to settle supplier accounts in accordance with their individual terms of business.

#### **CHARITABLE DONATIONS**

During the year the company made charitable donations of £210 (1995: £25).

#### **POST BALANCE SHEET EVENT**

On 1st April 1996 the company issued a further one million ordinary shares of £1 each at par value to raise additional working capital.

#### **AUDITORS**

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



A. SYME  
Director  
7 June 1996

Furlong House  
Hambridge Road  
Newbury, Berkshire  
RG14 5UT

## **FLEETLEASE (UK) LIMITED**

### **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**  
**TO THE MEMBERS OF FLEETLEASE (UK) LIMITED**

We have audited the financial statements on pages 5 to 17.

**Respective Responsibilities of Directors and Auditors**

As described on page 3 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
Registered Auditors

11/6/96

Arlington Business Park  
Theale  
Reading  
Berks  
RG7 4SD

# **FLEETLEASE (UK) LIMITED**

## **PROFIT AND LOSS ACCOUNT** **For the year ended 31st March, 1996**

	Notes	1996 £'000	1995 £'000
Turnover	2	31,317	28,828
Cost of sales		(23,428)	(21,697)
		<hr/>	<hr/>
Gross profit		7,889	7,131
Administrative expenses		(2,748)	(2,523)
		<hr/>	<hr/>
Operating profit		5,141	4,608
Interest receivable and similar income	6	-	2
Interest payable and similar charges	7	(4,200)	(3,771)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	941	839
Tax on profit on ordinary activities	8	(310)	(282)
		<hr/>	<hr/>
Profit for the financial year		631	557
Retained profit brought forward		783	226
		<hr/>	<hr/>
Retained profit carried forward		1,414	783
		<hr/>	<hr/>

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 relates exclusively to continuing operations.

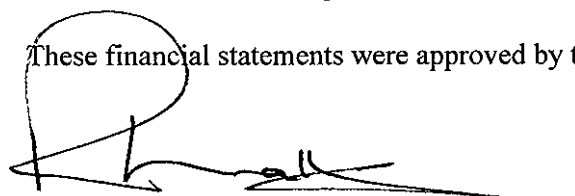
# FLEETLEASE (UK) LIMITED

## BALANCE SHEET As at 31st March, 1996

	Notes	1996	1995
		£'000	Restated £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	67,609	59,849
<b>CURRENT ASSETS</b>			
Stock	10	1,222	806
Debtors	11	2,213	1,360
Cash at bank and in hand		-	108
		<hr/>	<hr/>
		3,435	2,274
<b>CREDITORS: amounts falling due within one year</b>	12	(11,416)	(7,902)
		<hr/>	<hr/>
Net current liabilities		(7,981)	(5,628)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		59,628	54,221
Creditors: amounts falling due after one year	13	(56,457)	(52,259)
Provisions for liabilities and charges	14	(1,057)	(479)
		<hr/>	<hr/>
Net assets		2,114	1,483
<b>CAPITAL AND RESERVES</b>		<hr/>	<hr/>
Called up share capital	15	700	700
Profit and loss account		1,414	783
		<hr/>	<hr/>
Shareholders' funds	16	2,114	1,483
		<hr/>	<hr/>

The attached notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 June 1996



R. WHALLEY

Director

## **FLEETLEASE (UK) LIMITED**

### **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 accounting**

The financial statements are produced under the historical cost convention and have been prepared in accordance with applicable accounting standards.

##### **Restatement of comparative figures**

Comparative figures have been restated to reflect the company's revised treatment of accounting for certain leases to customers under contract purchase agreements. The legal form of these contracts is that the motor vehicle has been sold, but in substance the company has substantial risks and rewards of ownership.

These leases are therefore now accounted for as operating leases rather than finance leases and accordingly the balance sheet comparative figures have been restated. The effect of this change is that £13,469,000 previously disclosed as 'investment in contract purchase' within debtors is now included in fixed assets. The amount included within fixed assets as at 31 March 1996, which, under the previous treatment, would have been included within debtors is £12,216,000.

This change of treatment has no impact on profit recognition and accordingly there is no adjustment to reserves as previously reported.

##### **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.



## **FLEETLEASE (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **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.

#### **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.

#### **Cash flow statement**

The company, which is a wholly owned subsidiary of Hitachi Credit (UK) PLC, has elected to utilise the exemption provided in Financial Reporting Standard 1 and accordingly has not produced a cash flow statement.

## **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 £28,962,000 (1995: £26,857,000) in respect of vehicle hire and leasing rental income.

# FLEETLEASE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£'000	Restated £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on owned tangible fixed assets	17,538	19,388
Operating lease costs - land and buildings	70	70
Auditors remuneration - audit	20	20
Auditors remuneration - other services	29	21
Profit on disposal of fixed assets	(1,577)	(591)
	<hr/>	<hr/>

### 4. STAFF NUMBERS AND COSTS

	1996 Number	1995 Number
The average number of persons employed by the company during the year (including directors) was as follows:		
Management	11	9
Administration	27	26
New Business	14	10
	<hr/>	<hr/>
	52	45
	<hr/>	<hr/>
	1996	1995
	£'000	£'000
Staff costs, including directors' remuneration (see note 5), were as follows:		
Salaries	1,341	1,211
Social security costs	141	109
Pension costs	134	86
	<hr/>	<hr/>
	1,616	1,406
	<hr/>	<hr/>

# **FLEETLEASE (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **5. EMOLUMENTS OF DIRECTORS**

	1996 £'000	1995 £'000
Emoluments including pension contributions	291	222
	<u>          </u>	<u>          </u>

The emoluments in respect of services as directors of the company disclosed above include the following amount (excluding pension contributions):

The highest paid director	87	77
The chairman	-	-
	<u>          </u>	<u>          </u>

The total number of directors whose emoluments excluding pension contributions) fell within the following ranges was as follows:

£Nil	-	£5,000	2	2
£15,001	-	£20,000	1	1
£50,001	-	£55,000	-	1
£55,001	-	£60,000	-	1
£65,001	-	£70,000	1	-
£75,001	-	£80,000	-	1
£80,001	-	£85,000	1	-
£85,001	-	£90,000	1	-
			<u>          </u>	<u>          </u>

**FLEETLEASE (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1996 £'000	1995 £'000
Bank interest received	-	2
	<u>          </u>	<u>          </u>

**7. INTEREST PAYABLE**

Interest payable to parent undertaking	4,200	3,771
	<u>          </u>	<u>          </u>

**8. TAXATION**

Current year:

Corporation tax at 33%	-	424
Transfer to/(from) deferred tax (Note 14)	310	(142)

Prior Year:

Corporation tax	(268)	-
Transfer to deferred tax	268	-

	<u>          </u>	<u>          </u>
	310	282
	<u>          </u>	<u>          </u>

# FLEETLEASE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TANGIBLE FIXED ASSETS

	Leasing and Hire Vehicles £'000	Own Motor Vehicles £'000	Fixtures Fittings & Equipment £'000	Totals £'000
<b>Cost</b>				
At 31st March 1995	63,521	246	696	64,463
Prior year adjustment	17,672	-	-	17,672
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1995 (Restated)	81,193	246	696	82,135
Additions	34,408	203	417	35,028
Returns	(22,902)	(185)	-	(23,087)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	92,699	264	1,113	94,076
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31st March 1995	17,538	112	433	18,083
Prior year adjustment	4,203	-	-	4,203
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March (Restated)	21,741	112	433	22,286
Charge for the period	17,310	79	149	17,538
Returns	(13,222)	(135)	-	(13,357)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	25,829	56	582	26,467
	<hr/>	<hr/>	<hr/>	<hr/>
	Leasing and Hire Vehicles £'000	Own Motor Vehicles £'000	Fixtures Fittings & Equipment £'000	Totals £'000
<b>Net Book Value</b>				
At 31st March 1996	66,870	208	531	67,609
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1995 (Restated)	59,452	134	263	59,849
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1995 (as previously reported)	45,983	134	263	46,380
	<hr/>	<hr/>	<hr/>	<hr/>

# FLEETLEASE (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10. STOCK

	1996 £'000	1995 £'000
Motor vehicles held for resale	1,222	806
	<u>          </u>	<u>          </u>

### 11. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	882	930
Other debtors	740	235
Prepayments and accrued income	591	195
	<u>          </u>	<u>          </u>
	2,213	1,360
	<u>          </u>	<u>          </u>

### 12. CREDITORS: amounts falling due within one year

	1996 £'000	1995 £'000
Bank overdraft	639	26
Trade creditors	2,127	1,312
Corporation tax	-	424
Other taxes and social security costs	-	562
Other creditors	525	338
Deferred income	2,754	2,409
Accruals	5,371	2,831
	<u>          </u>	<u>          </u>
	11,416	7,902
	<u>          </u>	<u>          </u>

**FLEETLEASE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**13. CREDITORS:** amounts falling due after one year

	1996 £'000	1995 £'000
Amounts owed to parent undertaking	56,457	52,259

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

**14. DEFERRED TAXATION**

The amount provided for deferred taxation is :

	Full Potential Liability	Provision Made	Full Potential Liability	Provision Made
	1996 £'000	1996 £'000	1995 £'000	1995 £'000
Accelerated capital allowances	1,649	1,649	575	575
Short term timing differences	(592)	(592)	(96)	(96)
	<u>1,057</u>	<u>1,057</u>	<u>479</u>	<u>479</u>

The movement on deferred tax is:

At start of period	479	621
Transfer from/(to) Profit and Loss account in respect of:		
Current year	310	(142)
Prior year	268	-
	<u>1,057</u>	<u>479</u>

**FLEETLEASE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15. CALLED UP SHARE CAPITAL**

	1996		1995	
Authorised	Number	£'000	Number	£'000
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	700,000	700	700,000	700
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

	1996 £'000	1995 £'000
Profit for the financial year	631	557
New capital subscribed	-	500
	<u>          </u>	<u>          </u>
Additions to shareholders' funds	631	1,057
Opening shareholders' funds	1,483	426
	<u>          </u>	<u>          </u>
Closing shareholders' funds	2,114	1,483
	<u>          </u>	<u>          </u>

**17. COMMITMENTS**

At 31st March 1996 the company has annual commitments under operating leases for land and buildings:

Operating leases which expire within 2 to 5 years	70	70
	<u>          </u>	<u>          </u>



## FLEETLEASE (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 18. CAPITAL COMMITMENTS

	1996 £'000	1995 £'000
Contracted for but not provided	2,959	2,793

#### 19. PENSION SCHEME

The company participates in a pension scheme operated by a fellow group company which provides benefits based on final pensionable earnings. The pension scheme is set up under trust and the assets of the scheme are therefore held separately from those of the company.

The pension cost charged to the profit and loss account is calculated by a qualified actuary so as to spread the cost of pensions over the employees' working lives with the company. The actuarial method used was the projected unit method. The most significant assumptions, for their effect on the pension costs, are those relating to the rate of return on the investments of the scheme and the rate of increase in salaries and pensions. It was assumed that, over the long-term, the yield earned on investments would exceed the rate of earnings increase by 1.5% per annum. For funding purposes more conservative assumptions are adopted.

The pension cost charged to the profit and loss account for the year was £111,200 (1995 £66,215). This cost was after a reduction of £22,949 (1995 £19,604) in respect of the amortisation of past over-funding. This amortisation is over a period of 14 years, the average remaining service lives of the pensioned employees.

The latest actuarial valuation at 1st April 1994 showed that the market value of the Scheme's assets was £12,808,000 and the actuarial value of these assets represented 113% of the liability for benefits under the valuation method, for service to the valuation date and based on earnings projected to retirement or earlier exit.

**FLEETLEASE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**20. 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:

Hitachi Credit House  
Stables Courtyard  
Church Road  
Hayes  
Middx  
UB3 2UH

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.