

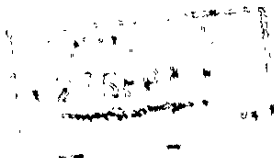
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FLEETLEASE (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE 14 MONTH PERIOD ENDED

31st DECEMBER 1989



CHAIRMAN'S REPORT

During the 1988/89 period, the company consolidated on the major changes that took place in its first 13 months, and established itself as a substantial force in this steadily expanding market.

Despite the fleet growth being below budget, turnover increased by over 250% to exceed budget, and in the latter part of the year we moved steadily into profitability.

Although we are facing an increasingly competitive market which threatens to reduce margins, we are confident that our targets for 1989 are achievable and represent a further substantial increase in turnover and profitability, as we achieve economies of scale.

Peter W Scott
Executive Chairman

FLEETLEASE (UK) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the 14 month period ended 31st December 1989.

Activities

The company's main activity is the leasing of vehicles and the provision of maintenance arrangements thereon.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors recommend that no ordinary dividend be paid.

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 6 to the financial statements.

Ultimate Holding Company

The ultimate holding company is Gowrings plc.

Directors

The directors during the 14 months were as follows:

P W Scott	-	(Executive Chairman)
A Syme	-	(Managing Director)
J Fowles		
E Hood	-	Resigned 12.2.89
B Gray	-	Appointed 17.2.89 - resigned 15.6.89
A R Deal	-	Appointed 28.11.89
D W Coulson	-	Appointed 28.11.89

The director retiring by rotation is Mr A Syme who, being eligible, offers himself for re-election.

Mr Deal and Mr Coulson are directors of Gowrings plc and their interests in the shares of that company are disclosed in its financial statements.

Furlong House
Hambridge Road
Newbury
Berkshire

By order of the board


S J FOALE
Secretary

AUDITORS' REPORT TO THE MEMBERS OF
FLEETLEASE (UK) LIMITED

We have audited the financial statements on pages 3 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1989 and of its profit and source and application of funds for the 14 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand DeLoitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants
Reading

1st May, 1990

FLEETLEASE (UK) LIMITED

STATEMENT OF ACCOUNTING POLICIES

Basis of Financial Statements

The financial statements have been prepared under the historical cost convention.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets to their estimated residual values by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	- 2 to 5 years
Motor vehicles	- length of lease contract

Stocks

Stocks are valued at the lower of cost and net realisable value.

Contract Leasing

In respect of contract leasing operations entered into since 1st October 1986, revenue and related expenditure are taken to profit and loss account on a straight line basis.

Turnover

Turnover comprises rental from contract leases, sale proceeds from disposal of vehicles and bonuses from car manufacturers, exclusive of V.A.T.

Interest Payable

Interest payable on the loans raised to finance fleet vehicles is charged on a straight line basis over the period of the loan agreement.

Deferred Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation where there is reasonable expectation that the liability will crystallize in the foreseeable future.

Pension Costs

Contributions to the pension fund are based on the consulting actuaries' recommendations, and the related costs are charged to the profit and loss account as incurred.

FLEETLEASE (UK) LIMITEDPROFIT AND LOSS ACCOUNTFor the 14 Months ended 31st December 1989

	Notes	14 months 1989 £000's	12 months 1988 £000's
Turnover	1	7873	3431
Cost of Sales		(5491)	(2274)
Gross Profit		2382	1157
Administrative Expenses		(884)	(563)
Operating Profit		1498	594
Interest Payable	5	(1477)	(573)
Profit on ordinary activities before taxation	2	21	21
Taxation on ordinary activities	10	(13)	-
Profit for the period		8	21
Deficit brought forward		(43)	(64)
Deficit carried forward		(35)	(43)
		=====	=====

FLEETLEASE (UK) LIMITEDBALANCE SHEETAs at 31st December 1989

	Notes	31st Dec 1989 £000's	31st Oct 1988 £000's
FIXED ASSETS			
Tangible assets	6	13673	9738
CURRENT ASSETS			
Stock	7	5	15
Debtors	8	1060	604
		1065	619
CREDITORS:			
Amounts falling due within one year	9	(6773)	(4360)
NET CURRENT LIABILITIES			
		(5708)	(3741)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		7965	5997
CREDITORS:			
Amounts falling due after more than one year	9	(7787)	(5840)
Provision for Liabilities & Charges	10	(13)	-
		165	157
CAPITAL AND RESERVES			
Called up share capital	11	200	200
Profit and Loss Account		(35)	(43)
		165	157

The financial statements on pages 3 to 12 were approved by the Board of Directors on 1st May 1990. and signed on its behalf by:

Director Director 

FLEETLEASE (UK) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFor the 14 Months ended 31st December 1989

	14 months 1989 £000's	12 months 1988 £000's
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation	21	21
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	3791	1801
Interest on lease purchase contracts	1446	565
Loss on sale of tangible fixed assets	196	19
	<hr/>	<hr/>
Total funds generated from operations	5454	2406
<u>FUNDS FROM OTHER SOURCES</u>		
Loans received	8517	7753
Proceeds of sale of tangible fixed assets	1853	275
	<hr/>	<hr/>
	15824	10434
<u>APPLICATION OF FUNDS</u>		
Loan repayments	(6225)	(2823)
Purchase of tangible fixed assets	(9775)	(7914)
	<hr/>	<hr/>
Net application of funds	(176)	(303)
	=====	=====
<u>DECREASE IN WORKING CAPITAL</u>		
The net application of funds is represented by the following decrease in working capital		
Stock	(10)	14
Debtors	456	383
Creditors	(432)	(520)
	<hr/>	<hr/>
	14	(123)
Movement in net liquid funds:		
Bank overdraft	(190)	(179)
Cash in hand	-	(1)
	<hr/>	<hr/>
Decrease in working capital	(176)	(303)
	=====	=====

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFor the 14 Months ended 31st December 19891. TURNOVER

14 months 1989 £000's	12 months 1988 £000's
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Rental income	7503	3150
Sale of vehicles	271	166
Other	99	115
	<hr/>	<hr/>
	7873	3431
	=====	=====

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation
is stated after charging:

Depreciation on tangible fixed assets	61	27
Depreciation on assets held under lease purchase contracts	3730	1774
Operating lease costs - land and buildings	74	28
Auditors' remuneration	11	11
	=====	=====

3. STAFF

No.	No.
-----	-----

Average number of employees	20	16
	=====	=====

Employee Costs:	£000's	£000's
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Wages and salaries	422	265
Social security costs	42	22
Other pension costs	28	17
	<hr/>	<hr/>
	492	304
	=====	=====

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the 14 Months ended 31st December 1989

	14 months 1989 £000's	12 months 1988 £000's
<hr/>		
4. <u>DIRECTORS' EMOLUMENTS</u>		
Emoluments, including pension contributions	94 =====	79 =====
The emoluments disclosed above include amounts, excluding pension contributions, paid to:-		
The Chairman	49	37
One other Director	40 =====	37 =====
No other directors received emoluments in the period (1988: Nil)		
5. <u>INTEREST PAYABLE</u>		
Bank interest on overdraft	31	8
Interest payable on lease purchase contracts	1446 -----	565 -----
	1477 =====	573 =====

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the 14 Months ended 31st December 1989

	Motor Vehicles Held for Operating Leases £000's	Motor Vehicles Held for Own Use £000's	Fixtures & Fittings, Equipment £000's	Total £000's
6. <u>TANGIBLE FIXED ASSETS</u>				
<u>Cost</u>				
At 1st November 1988	11564	126	136	11826
Additions	9655	84	36	9775
Disposals	(3407)	-	-	(3407)
At 31st December 1989	17812	210	172	18194
<u>Depreciation</u>				
At 1st November 1988	2008	21	59	2088
Charge for period	3730	21	40	3791
Disposals	(1358)	-	-	(1358)
At 31st December 1989	4380	42	99	4521
<u>Net Book Value</u>				
At 31st December 1989	13432	168	73	13673
At 1st November 1988	9556	105	77	9738
			1989 £000's	1988 £000's
7. <u>STOCK</u>				
Motor vehicles			5	15
8. <u>DEBTORS</u>				
Amounts falling due within one year				
Trade debtors			893	456
Amounts due from related companies			2	-
Other debtors			14	74
Prepayments and accrued income			151	74
			1060	604

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the 14 Months ended 31st December 1989

	1989 Due within one year £000's	1989 Due after more than one year £000's	1988 Due within one year £000's	1988 Due after more than one year £000's
9. <u>CREDITORS</u>				
Bank loans and overdrafts	414	-	224	-
Finance house loans	5093	7787	3302	5840
Payments received on account	837	-	557	-
Trade creditors	189	-	138	-
Other taxation & social security payable	142	-	108	-
Accruals	36	-	25	-
Inter company	62	-	6	-
	6773	7787	4360	5840
	=====	=====	=====	=====

	1989 Due after one year but before two years £000's	1989 Due after two years but before five years £000's	1988 Due after one year but before two years £000's	1988 Due after two years but before five years £000's
Finance house loans due after more than one year	5069	2718	3710	2130
	=====	=====	=====	=====

Finance house loans are all repayable within five years and are secured on the vehicles to which they relate.

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the 14 Months ended 31st December 198910. TAXATION

Based on the results for the period

	14 Months 1989 £'000	12 Months 1988 £'000
United Kingdom corporation tax at 35%		
Current	-	-
Deferred	13	-
	—	—
	13	-
	==	==

The taxable profits have been relieved by unutilised losses brought forward from previous years.

The total potential liability for taxation deferred by timing differences is:

Amount provided on:	1989 £'000	1988 £'000
Accelerated Capital Allowances	295	315
Unutilised losses	(282)	(315)
	—	—
	13	-
	===	===

The movement on deferred tax is:

	1989 £'000
At 1st November 1988	-
Charge for the period	13
	—
At 31st December 1989	13
	==

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the 14 Months ended 31st December 198911. CALLED UP SHARE CAPITALAuthorised, allotted,
called up and fully
paid

	1989 £000's	1988 £000's
200,000 ordinary shares of £1 each	200 =====	200 =====

12. VEHICLE REPURCHASE COMMITMENT

The company has a vehicle repurchase commitment under which second hand vehicles will be repurchased over the next two years. At 31st December 1989 the total commitment was approximately £61,000 (1988 - £232,000). When repurchased the vehicles will be sold in the normal course of trade at amounts which, in the opinion of the directors, are likely to exceed the repurchase price.

13. COMMITMENTS UNDER OPERATING LEASES

At 31st December 1989 the company had annual commitments under operating leases for land and buildings as set out below:

	1989 £000's	1988 £000's
Operating leases which expire within one year	70 =====	70 =====

14. CAPITAL COMMITMENTS

Contracted for but not provided	579 =====	529 =====
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15. ULTIMATE HOLDING COMPANY

Gowrings plc, a company incorporated in Great Britain.

16. PENSION SCHEME

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,000 (1988 £17,000).