

1413993

FLEETLEASE (UK) LIMITED
(Registered Number: 1413993)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1994



■AK7632YS■

A25 RECEIPT DATE: 15/07/94

FLEETLEASE (UK) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the year ended 31st March, 1994.

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 of the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

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

During the year the company acquired a fleet of 1,567 vehicles at a cost of £14,785,896 which represents the fair value of the assets. These and other changes in fixed assets during the year can be found in note 10 to the financial statements.

The results for the period are set out in the profit and loss account on page 4. It is anticipated that the business will continue to expand by organic growth and further fleet acquisitions.

DIRECTORS

The directors during the year were as follows:

P.W. Scott
S.C. Oliphant
N. Sakamoto

D.G. Anthony
A. Syme

FLEETLEASE (UK) LIMITED

DIRECTORS' REPORT

The directors retiring by rotation are P.W. Scott and A. Syme 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 critical to the future health 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 do not recommend the payment of a dividend (1993: NIL).

CHARITABLE DONATIONS

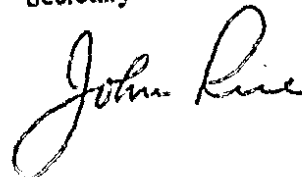
During the year the company made charitable donations of £350 (1993: £2,025).

AUDITORS

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

By order of the board

J. RICE
Secretary



Furlong House
Hambridge Road
Newbury, Berkshire
RG14 5UT

REPORT OF THE AUDITORS, KPMG PEAT MARWICK
TO THE MEMBERS OF FLEETLEASE (UK) LIMITED

We have audited the financial statements on pages 4 to 16.

As described on page 1 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.

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 misstatements, 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.

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG PEAT MARWICK
Chartered Accountants
Registered Auditors

13th July 1994

Abbey House
Abbey Street
Reading
Berks RG1 3BD

FLEETLEASE (UK) LIMITEDPROFIT AND LOSS ACCOUNT
For the year ended 31st March, 1994

	<u>Notes</u>	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Turnover	2	24,328	19,983
Cost of sales		(18,171)	(13,955)
		<hr/>	<hr/>
Gross profit		6,157	6,028
Administrative expenses		(1,721)	(1,417)
Operating profit		4,436	4,611
Interest receivable and similar income	3	1	6
Interest payable and similar charges	7	(3,677)	(4,401)
Profit on ordinary activities before taxation	4	760	216
Taxation on profit on ordinary activities	8	(536)	(85)
		<hr/>	<hr/>
Profit for the period		224	131
Retained profit/ (loss) brought forward		2	(129)
		<hr/>	<hr/>
Retained profit carried forward	9	226	2
		<hr/>	<hr/>

The attached notes form part of these financial statements.

There are no recognised gains or losses, other than those shown above (1993: Nil)

FLEETLEASE (UK) LIMITEDBALANCE SHEET
As at 31st March, 1994

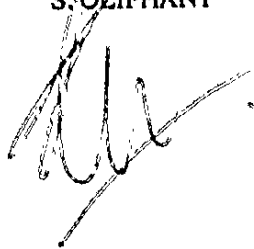
	<u>Notes</u>	<u>1994</u>		<u>1993</u>	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10		42,181		31,532
CURRENT ASSETS					
Stocks	11		814		688
Debtors: due within one year	12		7,102		4,447
due after one year	13		6,289		3,897
Cash at bank and in hand			347		122
			<hr/>		<hr/>
			14,552		9,154
CREDITORS: Amounts					
falling due within one year	14		(8,793)		(5,549)
			<hr/>		<hr/>
Net current assets			5,759		3,605
			<hr/>		<hr/>
TOTAL ASSETS LESS					
CURRENT LIABILITIES			47,940		35,131
Creditors: Amounts falling					
due after one year	15		(46,893)		(34,850)
Provision for liabilities and					
charges	16		(621)		(85)
			<hr/>		<hr/>
Net assets			426		202
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Called up, share capital	17		200		200
Profit and loss account	9		226		2
			<hr/>		<hr/>
			426		202
			<hr/>		<hr/>

The attached notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 13th July 1994.

S. OLIPHANT

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.

Income

A separate fixed amount is not recognised in the profit and loss account in respect of income for contract hire agreements. Prior to 1st of April 1993, a separate fixed amount was recognised in the profit and loss account in respect of contract hire agreements. Rentals receivable on contract hire vehicles are credited to the profit and loss account on a straight line basis over the period of the lease.

Depreciation

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

Furniture, fittings and equipment	• 4 years
Motor vehicles	- 2 or 3 years

Depreciation on contract 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 hire contract.

Stocks

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

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTSLeases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account under the item 'interest payable and similar charges', and the capital element which reduces the outstanding obligation for future instalments included with creditors.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Contract Purchase Agreements

Amounts due from customers under contract purchase agreements are recorded in the balance sheet as debtors at the amount of the net investment in the agreement.

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

The company has not prepared a cash flow statement as it is a wholly owned subsidiary of Hitachi Credit (UK) PLC.

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS2. TURNOVER

Turnover comprises rental from contract leases, sale proceeds from the disposal of vehicles and bonuses from car manufacturers, exclusive of VAT, all arising from activities in the UK.

	<u>1994</u> £'000	<u>1993</u> £'000
Rental income	23,412	19,728
Sale of vehicles	714	(48)
Other - manufacturers' bonuses	202	303
	<u>24,328</u>	<u>19,983</u>

3. INTEREST RECEIVABLE

	<u>1994</u> £'000	<u>1993</u> £'000
Bank Interest received	1	6

4. PROFIT ON ORDINARY
ACTIVITIES BEFORE TAXATION

	<u>1994</u> £'000	<u>1993</u> £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation on owned tangible fixed assets	11,080	9,112
Depreciation on assets held under hire purchase and similar finance lease contracts	1,914	913
Operating lease costs - land and buildings	70	70
Directors' emoluments (see note 6)	199	177
Directors' pension costs	18	19
Auditors' remuneration - audit	17	14
Auditors' remuneration - other services	7	6
Effect of separate fixed income not being recognised in the profit and loss account in respect of contract hire agreements	123	-

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS5. STAFF NUMBERS AND COSTS

	<u>1994</u>	<u>1993</u>
The average number of persons employed by the company during the year (including directors) was as follows:		
Management	9	8
Administrative	24	18
New Business	8	6
	<hr/>	<hr/>
	41	32
	<hr/>	<hr/>

<u>1994</u>	<u>1993</u>
£000	£000

Staff costs including directors' remuneration (see note 6), were as follows:

Salaries	912	690
Social security costs	98	94
Pension costs	51	44
	<hr/>	<hr/>
	1061	828
	<hr/>	<hr/>

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS6. EMOLUMENTS OF DIRECTORS

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Emoluments excluding pension contributions	199	177
The emoluments in respect of services as directors of the company disclosed above include the following amounts;		
The highest paid director	68	66
The chairman	-	-
The total number of directors whose emoluments excluding pension contributions fell within the following ranges was as follows:		
£ Nil - £ 5,000	2	2
£45,001 - £50,000	1	1
£65,001 - £70,000	2	2

7. INTEREST PAYABLE

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Interest payable on hire purchase and similar finance lease contracts	-	86
Interest payable to group undertakings	3,677	4,315
	<u>3,677</u>	<u>4,401</u>

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS8. TAXATION

	<u>1994</u> £'000	<u>1993</u> £'000
Current year:		
Corporation tax at 33%	-	-
Deferred taxation (Note 16)	(251)	(85)
Underprovision in previous year	(285)	-
	<hr/>	<hr/>
Tax charge	(536)	(85)
	<hr/>	<hr/>

It has been assumed that no amount will be paid for 1992 losses relieved from Fleetlease to other companies in the group.

9. MOVEMENTS ON RESERVES

	<u>1994</u> £'000	<u>1993</u> £'000
Retained profit/(loss) brought forward	2	(129)
Retained profit for the period	224	131
	<hr/>	<hr/>
Retained profit carried forward	226	2
	<hr/>	<hr/>

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS10. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £'000	<u>Fixtures Fittings & Equipment</u> £'000	<u>Totals</u> £'000
<u>Cost:</u>			
At 31st March 1993	41,672	412	42,084
Additions	31,243	47	31,290
Returns	(19,319)	-	(19,319)
	<hr/>	<hr/>	<hr/>
At 31st March 1994	53,596	459	54,055
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 31st March 1993	10,242	310	10,552
Charge for the period	11,029	51	11,080
Returns	(9,758)	-	(9,758)
	<hr/>	<hr/>	<hr/>
At 31st March 1994	11,513	361	11,874
	<hr/>	<hr/>	<hr/>
<u>Net Book Value</u>			
At 31st March 1994	42,083	98	42,181
	<hr/>	<hr/>	<hr/>
At 31st March 1993	31,430	102	31,532
	<hr/>	<hr/>	<hr/>

11. STOCK

	<u>1994</u> £'000	<u>1993</u> £'000
Motor Vehicles	814	688
	<hr/>	<hr/>

ELEETLEASE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

12. DEBTORS - Amounts due within one year :

	<u>1994</u> £'000	<u>1993</u> £'000
Investment in contract purchase agreements	5,160	3,352
Trade debtors	1,386	919
Other debtors	368	-
Prepayments and accrued income	188	176
	<u>7,102</u>	<u>4,447</u>

13. DEBTORS - Amounts due after one year :

	<u>1994</u> £'000	<u>1993</u> £'000
Investment in contract purchase agreements	6,289	3,897

14. CREDITORS: Amounts falling due
within one year

	<u>1994</u> £'000	<u>1993</u> £'000
Bank loans & overdrafts	443	-
Obligations under hire purchase and similar finance lease contracts	-	267
Payments received on account	1,590	1,328
Trade creditors	1,069	304
Other taxation & social security costs	1,158	880
Accruals	376	146
Other creditors	4,157	2,624
	<u>8,793</u>	<u>5,549</u>

'Other creditors' includes an amount of £4,156,000 (1993; £2,554,212) which represents a maintenance accrual.

FLEETLEASE (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15. <u>CREDITORS:</u> Amounts falling due after one year	<u>1994</u> £'000	<u>1993</u> £'000
Amounts due to: Holding company	46,893	34,850
	<hr/>	<hr/>

Interest on amounts due from the holding company was charged at rates varying from 6.5% to 10.75%, equating to an average rate of 7.8%. The amounts due are unsecured.

16. DEFERRED TAXATION

The amount provided for
deferred taxation is :

	Full Potential Liability	Provision Made	Full Potential Liability	Provision Made
	<u>1994</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000	<u>1993</u> £'000
Accelerated capital allowances	1,396	1,396	489	85
Other timing differences	-	-	(14)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Corporation tax	1,396	1,396	475	85
Less losses carried forward	(775)	(775)	(271)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	621	621	204	85
	<hr/>	<hr/>	<hr/>	<hr/>

The movement on deferred tax is:

At start of period	85	-
Charge for the period	536	85
	<hr/>	<hr/>
At end of period	621	85
	<hr/>	<hr/>

17. CALLED UP SHARE CAPITAL

	<u>1994</u> £'000	<u>1993</u> £'000
200,000 ordinary shares of £1 each	200	200
	<hr/>	<hr/>

Authorised, allotted
called up and fully paid

FLEETLEASE (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS18. 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 March 1994 the total commitment was nil (1993: £123,000). 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.

19. COMMITMENTS

At 31st March 1994 the company has annual commitments under operating leases for land and buildings:

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Operating leases which expire within one year.	70	70
	<hr/>	<hr/>

20. CAPITAL COMMITMENTS

	<u>1994</u>	<u>1993</u>
	£'000	£'000
Contracted for but not provided	2,269	1,762
	<hr/>	<hr/>

21. PENSION SCHEME

The company is a participating member of a separately administered pension scheme 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 and of the other participating companies.

The pension cost charged to the profit and loss account is calculated by the 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 £41,190 (1993 £37,574). This cost was after a reduction of £10,011 (1993 £9,756) in respect of the amortisation of past over-funding. This amortisation is over a period of 16 years, the average remaining service lives of the pensioned employees.

FLEETLEASE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The latest actuarial valuation at 1st April 1991 showed that the market value of the scheme's assets was £8,138,182 and the actuarial value of these assets represented 119% 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.

22. HOLDING COMPANY

The company is a wholly owned subsidiary of Hitachi Credit (UK) PLC, a company incorporated in Great Britain and registered in England and Wales. Statutory accounts of this company can be obtained from:

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

The ultimate holding company is Hitachi Limited, a company incorporated in Japan. Statutory accounts of this company can be obtained from:

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