

Elton Vehicle Contracts Limited

Directors' report and financial statements

For the year ended 31 December 1995

Registered number 1428787



Elton Vehicle Contracts Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and advisors	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes	8
Detailed profit and loss account	19

Elton Vehicle Contracts Limited

Directors and advisors

Directors	Mr M Smyth Mrs M Smyth Mr W A Tyldsley Mr D Studholme Mr M A Pawson
Company Secretary	Mr M A Pawson
Registered Office	Sankey Street BURY Lancashire BL9 0JE
Auditors	KPMG 1 The Embankment Neville Street Leeds LS1 4DW
Solicitors	Dibb Lupton Broomhead 117 The Headrow LEEDS LS1 5JX
Principal Bankers	The Royal Bank of Scotland plc Bolton Central Branch 46-48 Deansgate BOLTON BL1 1BH

Elton Vehicle Contracts Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 1995.

Principal activity

The company's principal activities during the year were that of finance brokers and contract hire traders in motor vehicles together with the sale of vehicles no longer on hire.

Review of business

The profit for the year before taxation amounted to £694,247 (1994: £187,472) and is set out on page 6 of the financial statements.

Results and dividends

An interim dividend of £Nil (1994: £100,000) was paid.

The retained profit for the year amounting to £655,747 (1994: £94,157) was transferred to reserves.

Directors and their interests

The directors who held office during the year were as follows:

Mr M Smyth
Mrs M Smyth
Mr WA Tyldsley
Mr D Studholme
Mr MA Pawson

Mr M Smyth held one share as nominee as at 31 December 1995 and 31 December 1994. No other directors have any interests in the company.

The shareholdings of the directors in group companies are set out in the directors' report of the holding company Elton Holdings Limited.

Elton Vehicle Contracts Limited

Directors' report *(continued)*

Fixed assets

Significant changes in the company's fixed assets during the year are set out in note 10 to the financial statements.

Future developments

The directors plan to continue to maintain management policies which have led to the satisfactory result achieved in the current year.

Auditors

The auditors, Crossley and Davis, resigned during the year and the directors appointed KPMG. In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board



Mr M A Pawson
Secretary/Director

Sankey Street
Bury
Lancashire
BL9 0JE

11 March 1996

Elton Vehicle Contracts 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 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 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.



1 The Embankment
Neville Street
Leeds
LS1 4DW

Auditors' report to the members of Elton Vehicle Contracts Limited

We have audited the financial statements on pages 6 to 20.

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, 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 1995 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 March 1996

Elton Vehicle Contracts Limited

Profit and loss account for the year ended 31 December 1995

	Notes	1995 £	1994 as restated (see note 2) £
Turnover	3	11,857,493	8,795,703
Cost of sales		(9,940,151)	(7,648,073)
Gross profit		1,917,342	1,147,630
Distribution costs		(79,543)	(69,222)
Administrative expenses		(944,348)	(628,091)
Other operating income	4	893,451 298,866	450,317 56,488
Operating profit		1,192,317	506,805
Income from shares in group undertakings		-	8,930
Interest payable and similar charges	5	(498,070)	(328,263)
Profit on ordinary activities before taxation	6	694,247	187,472
Tax on profit on ordinary activities	9	(38,500)	6,685
Profit for the financial year		655,747	194,157
Dividend paid		-	(100,000)
Retained profit for the financial year		655,747	94,157
Retained profit brought forward		112,328	18,171
Retained profit carried forward		768,075	112,328

A statement of movements in shareholders' funds can be found at note 17. There were no movements in shareholders' funds other than the retained profit shown above.

The profit and loss account is prepared on an unmodified historical cost basis. The company has no recognised gains or losses other than the profit for the year as disclosed above.

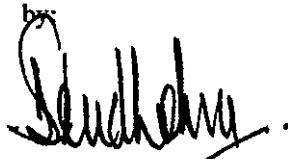
In both the current year and preceding year, the company made no acquisitions and had no discontinued operations.

Elton Vehicle Contracts Limited

Balance sheet
at 31 December 1995

	Note	1995	1994 as restated (see note 2)
		£	£
Fixed assets			
Tangible assets	10	5,260,017	2,235,849
Current assets			
Stocks	11	578,823	276,159
Debtors	12	928,155	1,182,298
Cash at bank and in hand		3,234,122	935,199
Total assets		10,001,117	4,629,505
Capital and reserves			
Called up share capital	16	10,000	10,000
Profit and loss account		768,075	112,328
Equity shareholders' funds	17	778,075	122,328
Creditors: amounts falling due within one year	13	7,746,929	3,449,920
Creditors: amounts falling due after one year	14	1,476,113	1,057,257
Total liabilities		9,223,042	4,507,177
Total liabilities and equity shareholders' funds		10,001,117	4,629,505

These financial statements were approved by the board of directors on 11 March 1996 and were signed on its behalf by:



Mr D Studholme
Director



Mr M A Pawson
Director

Elton Vehicle Contracts Limited

Cash flow statement

for the year ended 31 December 1995

	Note	Year ended 31 December 1995 £	Year ended 31 December 1994 £
Net cash inflow from operating activities	19	3,143,283	931,830
Return on investments and servicing of finance			
Interest element of lease purchase and finance lease payments		(498,070)	(328,263)
Net cash (outflow) from returns on investment and servicing of finance		(498,070)	(328,263)
Tax (paid)/repaid		8,764	(9,500)
Investing activities			
Purchase of tangible fixed assets		(4,912,147)	(1,161,725)
Sale of tangible fixed assets		1,752,392	1,805,424
Net cash inflow/(outflow) from investing activities		(3,159,755)	643,699
Net cash inflow/(outflow) before financing		(505,778)	1,237,766
Financing			
Capital element of finance lease rental payments/advances		2,804,701	(589,614)
Net cash (outflow)/inflow from financing	21	2,804,701	(589,614)
Increase in cash and cash equivalents	20	2,298,923	648,152

Elton Vehicle Contracts Limited

Notes

(forming part of 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 historical cost convention.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company net of value added tax and trade discounts. Income is recognised in the profit and loss account on a systematic basis over the life of the contract.

Tangible fixed assets and depreciation

Tangible fixed assets are depreciated at the following annual rates to write off the cost of the assets over their estimated useful lives:-

Computers, fixtures and fittings	-	33 1/3 % per annum straight line
Contract hire motor vehicles	-	The cost of each vehicle less residual value is spread over the period of the lease such that the depreciation charge increases proportionately in line with the economic benefit derived from the assets used

Stocks

Stocks represent motor vehicles held for contract hire or disposal and are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit 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 tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Elton Vehicle Contracts Limited

Notes (continued)

1 Accounting policies (continued)

Leasing and hire purchase

Fixed assets acquired under finance leases or financed by hire purchase are treated as if they had been purchased outright. Appropriate provisions are made for depreciation and the capital element of future instalments is included within creditors. The interest element of the rental obligation is charged to the profit and loss account so as to give a constant rate of charge on the remaining balance of the obligation.

Rentals under operating leases are charged to profit and loss account as they fall due.

Pensions

The company has a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 Changes in presentation

Turnover and cost of sales

Contract fees collected and paid to funders under undisclosed agency agreements have been excluded from turnover in accordance with Financial Reporting Standard No 5. This treatment is consistent with the off balance sheet treatment of vehicles funded under these arrangements. The 1994 figures have been restated accordingly to reflect this treatment. The effect of this restatement is to reduce turnover by £2,980,000, interest by £3,621,755 and to increase cost of sales by £641,755 in 1994.

Depreciation and interest allocation

In previous years interest and depreciation charges on contract hire vehicles held under lease purchase arrangements have been misallocated. In the current year the allocation of charges under these arrangements has been revised. The 1994 comparatives have been restated to reflect this revision. This restatement has had no effect on either the profit before taxation for the year ended 31 December 1994 or the net assets at 31 December 1994.

On the grounds of materiality no adjustment has been made to fixed assets and creditors at 31 December 1994 in respect of the misallocation.

Commissions paid in advance

The comparative amount for commissions paid in advance of £136,527 has been reanalysed from accruals in the balance sheet at 31 December 1994, which was stated net of this debtor, to other debtors to correspond with the treatment adopted in 1995.

Elton Vehicle Contracts Limited

Notes (continued)

2 Changes in presentation (continued)

Balance sheet presentation

The directors have adopted disclosures under balance sheet format two of the Companies Act 1985 as this is felt to present a fairer reflection of the company's position. The balance sheet as at 31 December 1994 has been restated to be consistent with this format.

3 Turnover

Turnover is attributable to the one principal activity of the company and the market is within the United Kingdom.

4 Other operating income

	1995 £	1994 £
Interest received on intergroup loans	155,666	33,731
Management fee	143,200	15,257
Brokerage	-	7,500
	<u>298,866</u>	<u>56,488</u>

5 Interest payable and similar charges

	1995 £	1994 as restated £
Lease purchase and finance lease interest	<u>498,070</u>	<u>328,263</u>

Elton Vehicle Contracts Limited

Notes (continued)

6 Profit on ordinary activities before taxation

	1995	1994 as restated
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Pension contributions	21,138	4,310
Auditors' remuneration - audit	12,500	2,450
- other	-	-
Depreciation:		
Owned assets	61,461	26,789
Assets held under finance leases and hire purchase contracts	984,075	741,191
Directors' remuneration (note 7)	108,137	114,304
Increase in provision for future losses on existing contracts	3,494	99,706
	<u> </u>	<u> </u>

7 Remuneration of directors

	1995	1994
	£	£
Directors emoluments:		
Remuneration as directors	108,137	114,304
Pension contributions	14,056	8,997
	<u> </u>	<u> </u>
	122,193	123,301
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the Chairman were £Nil (1994: £Nil) and those of the highest paid director were £67,014 (1994: £71,800).

The emoluments, excluding pension contributions, of the directors were within the following ranges:

		Number of directors	
		1995	1994
£0 - £ 5,000		3	3
£30,001 - £35,000		-	1
£40,001 - £45,000		1	-
£65,001 - £70,000		1	-
£70,001 - £75,000		-	1
		<u> </u>	<u> </u>

Elton Vehicle Contracts Limited

Notes (continued)

8 Staff numbers and costs

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

	Number of employees	
	1995	1994
Office and management	<u>34</u>	<u>22</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	603,381	381,999
Social security costs	46,099	28,963
Pension costs	21,188	4,310
	<u>670,668</u>	<u>415,272</u>

9 Tax on profit on ordinary activities

Based on the profit for the year:

	1995	1994
	£	£
United Kingdom corporation tax at 33 % (1994: 33 %)	50,116	46,905
Adjustments relating to earlier years	<u>(11,616)</u>	<u>(53,590)</u>
	<u>38,500</u>	<u>(6,685)</u>

Elton Vehicle Contracts Limited

Notes (continued)

10 Tangible fixed assets

	Computers	Fixtures & fittings	Contract hire motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 1995	106,565	13,325	3,238,155	3,358,045
Additions	118,530	23,869	4,769,748	4,912,147
Disposals	(6,352)	(11,571)	(1,690,963)	(1,708,886)
At 31 December 1995	218,743	25,623	6,316,940	6,561,306
Depreciation				
At 1 January 1995	41,505	11,710	1,068,981	1,122,196
Charge for year	55,360	6,101	984,075	1,045,536
On disposals	(1,319)	(11,571)	(853,553)	(866,443)
At 31 December 1995	95,546	6,240	1,199,503	1,301,289
Net book value				
At 31 December 1995	123,197	19,383	5,117,437	5,260,017
At 31 December 1994	65,060	1,615	2,169,174	2,235,849

Fixed assets held under finance leases and hire purchase contracts consist of the above total for contract hire motor vehicles.

Capital commitments are as follows:

	1995 £	1994 £
Contracted but not provided in the financial statements	160,135	519,200
Authorised but not contracted for	-	-
	<u>160,135</u>	<u>519,200</u>

Elton Vehicle Contracts Limited

Notes (continued)

11 Stocks

	1995 £	1994 £
Vehicles held for contract hire and disposal	<u>578,823</u>	<u>276,159</u>

12 Debtors

	1995 £	1994 £
Trade debtors	363,463	269,381
Amounts owed by group undertakings	190,402	589,117
Other debtors	329,498	157,003
Prepayments and accrued income	<u>44,792</u>	<u>166,797</u>
	<u>928,155</u>	<u>1,182,298</u>

Debtors include the following amounts
falling due after more than one year:
Amounts owed by group undertakings

	<u>-</u>	<u>506,467</u>
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Elton Vehicle Contracts Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	1,950,013	1,173,214
Obligations under finance leases and lease purchase contracts (note 15)	3,641,326	1,255,481
Amounts owed to group undertakings	27,384	-
Other creditors:		
Directors loan account	59,337	-
Corporation tax	84,669	37,405
Other taxes and social security	140,234	37,184
Other	578,803	150,433
Accruals and deferred income	1,265,163	796,203
	<u>7,746,929</u>	<u>3,449,920</u>

14 Creditors: amounts falling due after one year

	1995 £	1994 £
Obligations under finance leases and lease purchase contracts	<u>1,476,113</u>	<u>1,057,257</u>

Elton Vehicle Contracts Limited

Notes (continued)

15 Obligations under finance leases and lease purchase contracts

	1995 £	1994 £
Obligations under finance leases and lease contracts consist of the following:		
Lease purchase	5,091,229	2,251,145
Hire purchase creditor	26,210	61,593
	<u>5,117,439</u>	<u>2,312,738</u>
Minimum payments payable:		
Within one year	3,857,236	1,376,809
Within two to five years	1,561,791	1,123,431
	<u>5,419,027</u>	<u>2,500,240</u>
Finance charges allocated to future periods	(301,588)	(187,502)
	<u>5,117,439</u>	<u>2,312,738</u>
Disclosed as due:		
Within one year	3,641,326	1,255,481
After more than one year	1,476,113	1,057,257
	<u>5,117,439</u>	<u>2,312,738</u>

Obligations under hire purchase and lease purchase contracts are secured by specific charges over the assets to which the obligations relate.

16 Share capital

	1995 £	1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Elton Vehicle Contracts Limited

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	655,747	185,227
Dividend paid	-	(100,000)
Dividend received	-	8,930
Retained profit for the financial year	655,747	94,157
Opening shareholders' funds	122,328	28,171
Closing shareholders' funds	778,075	122,328

18 Deferred taxation

The amounts provided and the full potential liability / (asset) are as follows:

	Provided		Unprovided	
	1995 £	1994 £	1995 £	1994 £
Accelerated capital allowances	-	-	179,589	(711)
Other timing differences	-	-	(46,967)	(29,278)
Losses	-	-	132,622	(29,989)
Net deferred tax liability/(asset)	-	-	132,622	(29,989)

19 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £	1994 £
Operating profit	1,192,317	506,805
Depreciation charge	1,045,536	767,980
Increase in stocks	(302,664)	(71,843)
Decrease/(increase) in debtors	254,143	(588,985)
Increase in creditors	1,863,900	883,101
Profit on disposal of contract hire motor vehicles	(909,949)	(565,228)
Net cash inflow from operating activities	3,143,283	931,830

Elton Vehicle Contracts Limited

Notes (continued)

20 Analysis of changes in cash and cash equivalents

	£
Balance at 31 December 1993	287,047
Net cash inflow	648,152
	<hr/>
Balance at 31 December 1994	935,199
Net cash inflow	2,298,923
	<hr/>
Balance at 31 December 1995	3,234,122
	<hr/>

21 Analysis of changes in financing during the period

	Finance leases/ lease purchase contracts
Balance at 31 December 1993	2,902,352
Net cash outflow from financing	(589,614)
	<hr/>
Balance at 31 December 1994	2,312,738
Net cash inflow from financing	2,804,701
	<hr/>
Balance at 31 December 1995	5,117,439
	<hr/>

22 Guarantees and other financial commitments

Contingent liabilities

The company is party to an unlimited cross company guarantee in favour of Elton Holdings Limited, Elton Vehicle Rentals Limited, Freight Transport Leasing Limited and Trimfare (2) Limited. There were no net borrowings of these companies as at 31 December 1995. The total of borrowings disclosed in the balance sheets of these companies at 31 December 1995, excluding cash at bank and in hand, was £693,948.

General commitment

The company has given performance guarantees on the future minimum sales values of vehicles which are contingent on the natural maturity of the related contract hire agreements. The company's vehicle disposal performance to date has continually realised amounts in excess of these minimum sales, after adjusting for any specific provisions made against carrying values, and it is the directors' opinion that this position will remain. The current value of commitments under this arrangement amount to £16,527,064.

Elton Vehicle Contracts Limited

Notes *(continued)*

23 Ultimate parent company

The immediate holding company is Elton Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Radcliffe Road Garage Company Limited, a company incorporated in Great Britain and registered in England and Wales.