
COMPANY INFORMATION

Directors
S. Kobayashi, *Chairman*
N. Sakamoto, *Managing Director*
D. G. Anthony, *General Manager*
T. A. O'Malley, *Non-Executive*

Secretary P. G. Bridgman

Auditors KPMG Peat Marwick

Registered Office
Stables Courtyard
Church Road
Hayes
Middlesex, UB3 2UH
Telephone: 081 561 8486
Fax: 081 561 1206

Head Office As Registered Office

NOVA Administration Centre
Eleven Albion Street
Leeds, LS1 5ES
Telephone: 0532 444881
Fax: 0532 434966

Northern Sales Office
As NOVA Administration Centre
Telephone: 0532 449866
Fax: 0532 470232

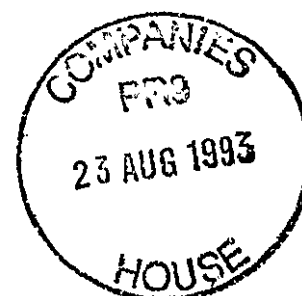
Midlands Sales Office
Bellway House
7 Worcester Road
Bromsgrove, B61 7DL
Telephone: 0527 575694
Fax: 0527 575698

Southern Sales Office As Registered Office

Fleetlease (UK) Ltd
Furlong House
Hambridge Road
Newbury
Berkshire, RG14 5U1
Telephone: 0635 524411
Fax: 0635 524511

Company Registration Number

1630491



CHAIRMAN'S STATEMENT

Tentative signs of economic recovery in the latter part of 1992 were reinforced by the devaluation of sterling in September and subsequent sharp reductions in domestic interest rates.

Most of Britain's main overseas markets are still in recession, and the willingness and ability of the banking sector to finance expansion has been limited by the large loan losses of recent years. Also the government's borrowing requirement has increased substantially and it is likely that the personal tax burden will continue to rise and that inflationary pressures will soon re-emerge. For these reasons I do not expect a very rapid recovery, but believe that there will be steady improvement for the foreseeable future.

I am pleased to report another excellent year's trading. Volume of business increased by 27% to £123 million, gross profit by 16% to £7.3 million and profit before tax by 63% to £1.4 million. Profit before tax has increased every year now for the past ten years, and the latest figure represents a return of 21.5% on shareholders' funds - our best result so far.

Traditionally our business has been structured along regional lines. Recognising the increasing complexity of our operations, we restructured the business into four distinct operating divisions during the year. The expected benefits are shorter lines of communication and a greater concentration of expertise in each specialised market.

We also rebranded our point-of-sale activities under the NOVA trading style - a style used successfully by Hitachi Credit Corporation for a number of years in Japan. The intention is to create a clear and consistent high-quality brand image.

HITACHI Business Finance

For several years business opportunities of satisfactory quality have been hard to find, and we have preferred not to lend rather than take on credit risks that do not meet our quality standards.

Market conditions are now becoming more favourable, with good quality companies returning to the market to finance capital investment. Many finance companies did not survive the recession. Those who did should find ample opportunity for profitable growth over the next few years.

Volume of business increased by 63% and gross profit by 25%. We also reduced balances in arrears by 42%, and completed the transfer of all receivables to an integrated in-house computer system.

NOVA Retail Finance

As always when recovery begins, some lenders have lowered standards in pursuit of growth. We believe in quality and consistency and recognise an obligation to our customers not to

encourage over-commitment, and have therefore declined to follow the trend. For this reason we did not seek rapid growth in volume of business, but it was good, profitable business and gross profit increased by 10%.

During the year all administration and collections activities were transferred to our offices in Leeds to create an integrated processing department for point-of-sale credit. The result was a considerable improvement in quality of customer service and operating efficiency, reflected by a 41% reduction in balances in arrears and a 49% reduction in cases in arrears, achieved from a base that was already low.

NOVA Premium Finance

This is our newest operating division, providing instalment payment plans for the personal and commercial clients of registered insurance brokers. Having spent two years researching and testing the market, we began trading in October 1992, and business expansion has been rapid since then.

I believe there is great potential in this market, particularly in view of the escalating cost of insurance premiums, and expect steady growth and an increasing profit contribution over the next few years.

FLEETLEASE

Conditions in the car market were poor throughout most of 1992. New car registrations were at a very low level, and second-hand car values, already low, declined further in the autumn. Since January 1993, however, conditions have improved markedly, and companies are at last beginning to renew their vehicle fleets.

Against this background I was pleased with the performance of our contract hire subsidiary. Volume of business increased by 18% and gross profit by 13%, and Fleetlease increased its pre-tax profit to £216,000 from £10,000 the previous year. Considerable progress was also made in improving the quality of the customer base. I am confident that Fleetlease will produce an even better result in the coming year.

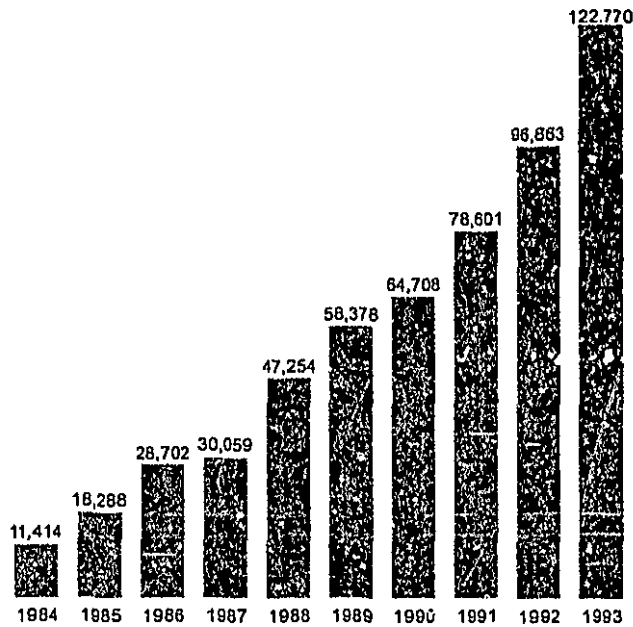
Our staff have worked hard to produce an excellent result in a difficult environment. My thanks to them, and also to our bankers and investors for their continuing confidence and support and to our customers for choosing us.



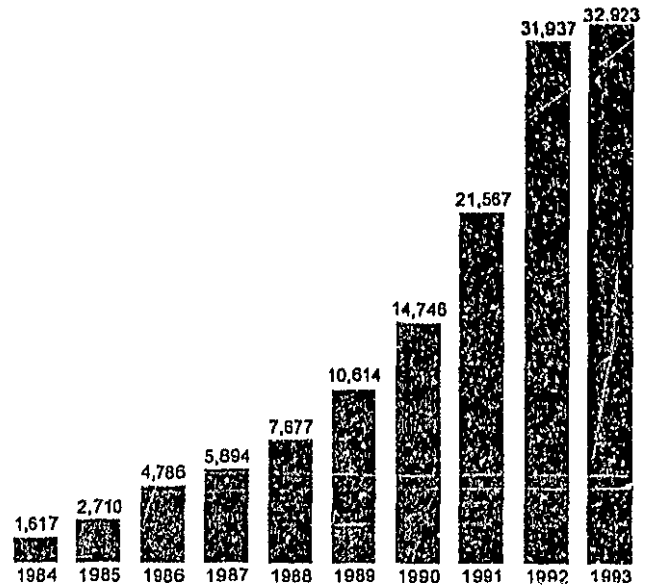
Shinichi Kobayashi
Chairman of Hitachi Credit Corporation
and of Hitachi Credit (UK) PLC

TEN YEAR FINANCIAL SUMMARY

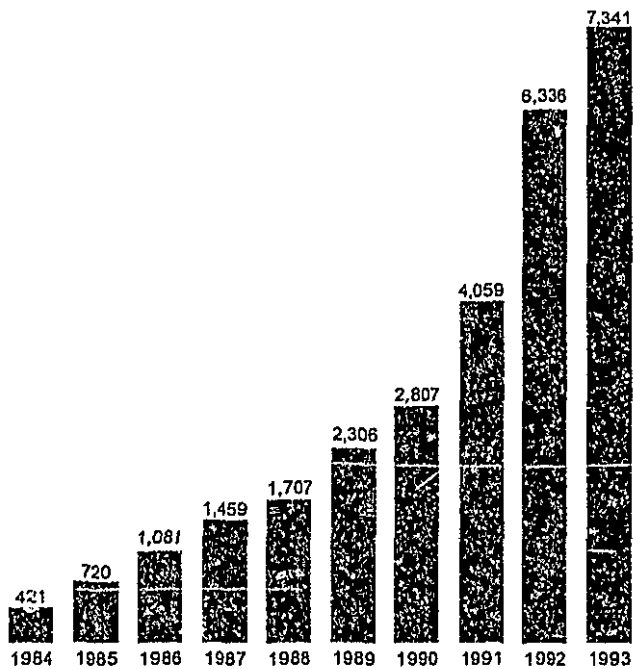
Volume of Business
(£,000)



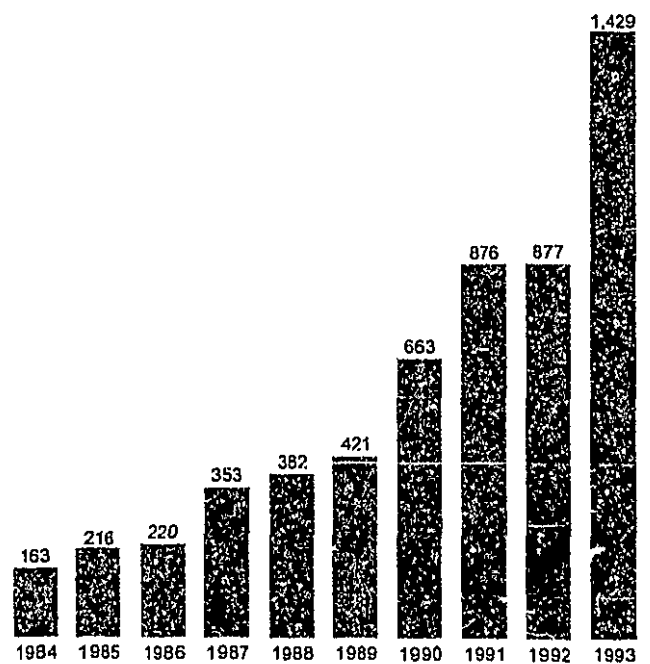
Turnover
(£,000)



Gross Profit
(£,000)



Profit before tax
(£,000)



Volume of business represents the capital cost of new business financed in the year

REVIEW OF ACTIVITIES

Hitachi Credit (UK) PLC is a subsidiary of Hitachi Credit Corporation of Japan, which in turn is a subsidiary of Hitachi Ltd, one of the world's largest corporations. Hitachi has a strong financial base, a real commitment to customer service and an ability to create new opportunities from the swiftly changing conditions of the market place.

Hitachi Credit Corporation was founded in Japan almost 40 years ago, initially to promote sales of Hitachi goods, and has since extended and diversified its business by offering a wide range of credit facilities to both the business and personal sectors. Hitachi Credit Corporation is quoted on the Tokyo Stock Exchange and its strong financial position is reflected in its AA credit rating by Standard & Poor's - the only Japanese finance house to have this rating. Hitachi Credit Corporation has overseas operations in the UK, United States, Canada, Hong Kong and Singapore.

We have been operating successfully in the UK since 1982 and have expanded our business every year. We completed our 10th anniversary in the UK during our last financial year and we are now looking forward to the next 10 years of growth and prosperity.

We operate in four main areas of business.

Business Finance

Block discounting is an efficient form of funding for companies with their own finance or rental receivables. We are a market leader in this specialised field.

We provide leasing and hire purchase facilities to finance investment in assets such as company cars, commercial vehicles, plant and machinery and computers. We provide vendor leasing facilities on behalf of suppliers of high quality equipment.

Our customer base comprises businesses operating in all sectors of the economy including industrial and commercial companies, other financial institutions and local authorities.



British Midland, a business finance customer

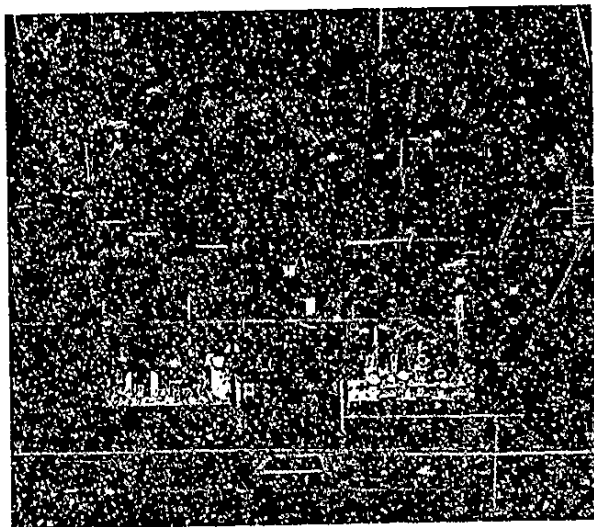
NOVA Retail Finance

We provide point-of-sale credit facilities for customers of high quality retailers mainly in the electrical, furniture and jewellery markets.

We have a fast and efficient new business proposal system at our NOVA Administration Centre in Leeds which is open for business seven days a week. We understand the retailer's requirements for rapid response, consistent service and speedy payment.

Many of our retailers have been provided with our authorisation system directly in their shop, thus saving the need to make a telephone call. Using our on-line network, the retailer obtains clearance in a quick and professional manner before the customer leaves the shop.

We also understand our obligations to the general public. We lend responsibly and comply fully with the Code of Practice of our trade body, the Finance & Leasing Association.



Goldsmiths jewellers branch in Leeds, a retail finance customer

REVIEW OF ACTIVITIES - continued



Launched in October 1992, this is our newest division, offering personal and commercial clients of registered insurance brokers the opportunity to spread the cost of their insurance premiums. Our product has been approved by BIIBA, the British Insurance & Investment Brokers' Association, and carries their endorsement.

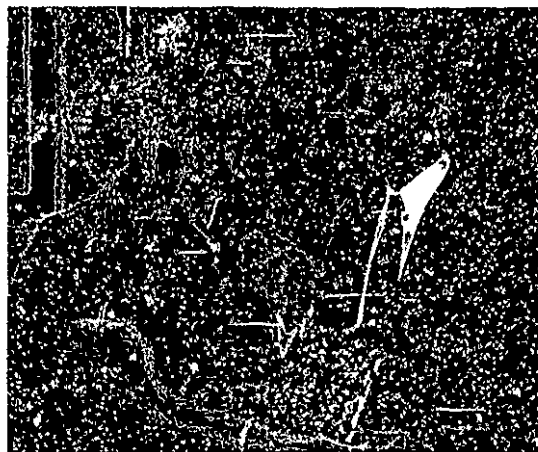
We have a great deal to offer this market, which is still under-developed as regards the levels of credit penetration. We offer brokers complete flexibility as well as immediate payment of the insurance premiums.



NOVELL U.K. Limited, a customer of Fleetlease, is a computer software company also providing networking services.



Our wholly owned Contract Hire subsidiary provides a comprehensive range of fixed cost motoring services to clients throughout all sectors of industry and commerce. Fleetlease's activities are focused upon a clearly stated objective - to deliver the highest quality service in Contract Motoring. In the last 2 years growth of 30% has seen an increase in the fleet to 4500 vehicles. This has been achieved through a combination of organic growth and selective acquisitions.



Our tenth anniversary in the UK was celebrated in the current financial year. Here we see Debbie Bridgman of Hitachi Credit (UK) PLC presenting a gift to Yoshiaki Takada, Senior Managing Director, Hitachi Credit Corporation.

Our business philosophy is to lend responsibly for the purchase of specific goods and services. We are keen to expand our activities in selected markets where we can gain a substantial presence.

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31st March, 1993.

Business Review

The principal activity is providing finance in the forms of contract hire, block discounting, leasing, hire purchase and credit sale. The Business Review is included in the Chairman's Statement and in the Review of Activities.

	1993	1992
	£,000	£,000
Turnover	32,923	31,937
Profit before taxation	1,429	877
Taxation	502	261
Profit after taxation	927	616

Dividends

The Directors recommend a dividend of 8.0p per share. The total distribution of dividends for the year to 31st March, 1993 will be £393,000 and the retained profit transferred to reserves will be £534,000.

Tangible Fixed Assets

Changes in fixed assets over the year can be found in note 8 to the accounts.

Share Capital

During the year the company made a capital issue of 363,656 ordinary £1 shares out of retained reserves.

Charitable Donations

During the year the group gave £4,000 for charitable purposes.

Directors

S. Kobayashi, *Chairman*
N. Sakamoto
D. G. Anthony
T. A. O'Malley

No director had a beneficial interest in the share capital of the company as recorded in the register of directors' interests.

Auditors

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

By order of the Board



P. G. Bridgman
Company Secretary

REPORT OF THE AUDITORS

To the members of Hitachi Credit (UK) PLC

We have audited the accounts on pages 8 to 20 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company and the group as at 31st March, 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG PEAT MARWICK
Chartered Accountants
Registered Auditors

LONDON
23rd June 1993

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 1993

	Note	1993 £,000	1992 £,000
Turnover	2	32,923	31,937
Cost of sales	3	25,582	25,601
		<hr/>	<hr/>
Gross profit		7,341	6,336
Administrative expenses		5,912	5,459
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	1,429	877
Tax on profit on ordinary activities	5	502	261
		<hr/>	<hr/>
Profit on ordinary activities after taxation		927	616
Proposed dividend (8.00p per Ordinary Share)		393	—
		<hr/>	<hr/>
Retained profit for the year	16	534	616
		<hr/>	<hr/>

The attached notes form part of these accounts; in particular, note 16 states the movement on reserves.

CONSOLIDATED BALANCE SHEET

as at 31st March, 1993

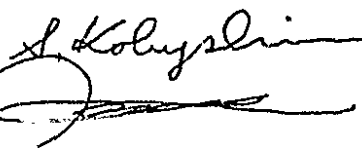
	Note	£,000	1993 £,000	1992 £,000
Fixed assets				
Tangible assets	8		32,921	32,722
Current assets				
Debtors				
Recoverable within one year	10	74,325		62,387
Recoverable after more than one year	10	42,193		39,788
		116,518		102,177
Cash at bank and in hand		41		5,636
		116,559		107,813
Creditors: amounts falling due within one year	12	100,810		84,281
Net current assets			15,749	23,532
Total assets less current liabilities			48,670	56,254
Creditors: amounts falling due after more than one year	13		40,496	49,952
Provisions for liabilities and charges	14		1,536	198
NET ASSETS			6,638	6,104
CAPITAL AND RESERVES				
Called up share capital	15		4,909	4,546
Profit and loss account	16		1,729	1,558
			6,638	6,104

The attached notes form part of these accounts.

These accounts were approved by the Board of Directors on 23rd June 1993.

S. Kobayashi, Chairman

N. Sakamoto, Managing Director



COMPANY BALANCE SHEET

as at 31st March, 1993

	Note	£,000	1993 £,000	1992 £,000
Fixed assets				
Tangible assets	8		1,414	1,501
Investment in subsidiary	9		150	150
			<u>1,564</u>	<u>1,651</u>
Current assets				
Debtors				
Recoverable within one year	10	69,189		90,869
Recoverable after more than one year	10	73,146		37,498
		<u>142,335</u>		<u>128,367</u>
Cash at bank and in hand		22		4,517
		<u>142,357</u>		<u>132,884</u>
Creditors: amounts falling due within one year	12	95,388		78,159
Net current assets			46,969	54,725
Total assets less current liabilities			<u>48,533</u>	<u>56,376</u>
Creditors: amounts falling due after more than one year	13		40,496	49,952
Provisions for liabilities and charges	14		1,451	240
NET ASSETS			<u>6,586</u>	<u>6,184</u>
CAPITAL AND RESERVES				
Called up share capital	15		4,909	4,546
Profit and loss account	16		1,677	1,638
			<u>6,586</u>	<u>6,184</u>

The attached notes form part of these accounts.

These accounts were approved by the Board of Directors on 23rd June, 1993.

S. Kobayashi, Chairman

N. Sakamoto, Managing Director



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 1993

	£,000	1993 £,000	1992 £,000
Net cash (outflow)/inflow from operating activities (note 1)		(4,070)	12,515
Investing activities			
Purchase of fixed assets	(16,838)		(13,692)
Proceeds of sale of fixed assets	7,101		4,303
Net cash outflow from investing activities		(9,737)	(9,389)
Net cash (outflow)/inflow before financing		(13,807)	3,126
Financing			
Repayment of Yen notes		9,180	—
Issue of Euro medium term notes		—	(21,155)
Reduction in deep discount bond		276	207
Decrease in acceptances		5,000	27,000
Net cash outflow from financing		14,456	6,052
Increase in cash and cash equivalents (note 2)		(28,263)	(2,926)
		(13,807)	3,126

Notes to the cash flow statement

1. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		1993	1992
Operating profit		£'000	£'000
Depreciation charge		1,429	877
Loss on disposal of fixed assets		9,397	8,138
Surplus on loan stock		141	169
(Increase)/decrease in debtors excluding tax		17	(25)
(Decrease)/increase in accruals		(14,317)	2,104
		(737)	1,252
Net cash (outflow)/inflow from operating activities		(4,070)	12,515
2. Analysis of the balances of cash and cash equivalents as shown in the balance sheet		1993	1992
Cash at bank and in hand	£'000	£'000	Change
Bank loans, overdrafts and acceptances*	41	5,636	£'000
	(82,987)	(60,319)	(5,595)
	(82,946)	(54,683)	(22,668)
		(28,263)	

* Includes amounts which are repayable within three months of the date of the advance.

3. Analysis of changes in financing during the year

	Share capital £'000	Loans, including Euro medium term notes £'000	Acceptances [†] £'000
Balance at 1st April 1992	4,546	49,952	15,000
Capitalisation of reserves	363	—	—
Repayment of Yen notes	—	(9,180)	—
Reduction in deep discount bond	—	(276)	—
Decrease in acceptances	—	—	(5,000)
At 31st March 1993	4,909	40,496	10,000

[†] Includes those acceptances which mature within one year, but which are repayable more than three months from the date of the advance.

NOTES TO THE ACCOUNTS

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts:

Basis of accounting

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

Investments

Investment in the subsidiary in the company's accounts includes any consideration paid or payable under the terms and conditions of the purchase and sale agreements which can be determined with reasonable certainty at the date on which the accounts are approved.

Consolidation

The group accounts include the results of the company and its subsidiary. In accordance with Section 228(7) of the Companies Act 1985, no separate profit and loss account is presented for Hitachi Credit (UK) PLC.

Goodwill

Purchased goodwill, representing the excess of purchase consideration over the fair value of the net tangible assets acquired, is written off against reserves in the year of acquisition.

Income

A fixed amount is credited to the profit and loss account on the commencement of each instalment finance or leasing agreement so as to match the administrative costs of accepting that agreement. After deducting this amount, the remaining charges and interest are credited to the profit and loss account over the period during which repayments fall due in proportion to the monthly balances outstanding.

A separate fixed amount is recognised in the profit and loss account in respect of income from contract hire agreements. After deducting this amount, rentals receivable on contract hire vehicles are credited to the profit and loss account on a straight line basis over the period of the agreement.

Finance leases

Amounts due from lessees under finance leases are recorded in the balance sheet as debtors at the amount of net investment in the lease, after making provision for doubtful debts.

Depreciation

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

Freehold buildings - 50 years; furniture and fixtures - 4 years; motor vehicles - 2 or 3 years.

No depreciation is charged on freehold land.

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.

Deferred 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.

Debenture loan stock

The surplus arising on the differential between the fixed interest rate on the loan stock and the agreed rates on the related interest bearing accounts, after deducting the expenses of issue, is recognised in the profit and loss account over the period to expected maturity, in proportion to the net amount owing on the loan stock.

NOTES TO THE ACCOUNTS - continued

2. Turnover

Turnover represents charges and rentals earned in the year on instalment finance, leasing and contract hire agreements, and gross interest receivable on short term advances and bank deposits.

All of the business was within the U.K.

	1993 £'000	1992 £'000
Analysis of turnover:		
Contract hire	19,654	15,944
Commercial instalment finance and leasing	7,527	9,062
Consumer instalment finance	4,940	4,758
Interest on advances to fellow Hitachi Ltd group company	948	1,570
Bank deposit interest and other similar income	454	603
	<u>32,923</u>	<u>31,937</u>

3. Cost of sales

	1993 £'000	1992 £'000
Interest payable and similar charges:		
On overdrafts, acceptances and bank loans repayable within five years	9,620	12,863
Loan stock interest	2,773	2,218
	<u>12,393</u>	<u>15,081</u>
Depreciation of contract hire vehicles	9,025	7,701
Loss on disposal of contract hire vehicles	141	169
Maintenance expenses on contract hire vehicles	4,023	2,650
	<u>25,582</u>	<u>25,601</u>

4. Profit on ordinary activities before taxation

	1993 £'000	1992 £'000
Analysis of profit before taxation:		
Contract hire	1,469	1,297
Commercial instalment finance and leasing	2,664	2,125
Consumer instalment finance	3,208	2,914
	<u>7,341</u>	<u>6,336</u>
Gross profit		
Administrative expenses	(5,912)	(5,459)
	<u>1,429</u>	<u>877</u>

	1993 £'000	1992 £'000
Profit before taxation is stated after charging:		
Depreciation of tangible assets	9,397	8,138
Operating lease rentals : plant and machinery	28	23
: other	103	47
Directors' emoluments (see note 7)	240	225
Directors' pension costs	18	9
Auditors' remuneration : audit	46	42
: other services	34	84

NOTES TO THE ACCOUNTS - continued

5. Taxation on profit on ordinary activities:

	1993 £'000	1992 £'000
Current year:		
Corporation tax at 33% (1992: 33%)	(175)	926
Deferred taxation	1,469	(665)
Prior year: Corporation tax	(792)	0
	<u>502</u>	<u>261</u>

6. Staff numbers and costs

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

	1993	1992
Management	19	19
Administrative	64	47
New business	16	15
	<u>99</u>	<u>81</u>

Staff costs including directors' remuneration (see note 7) were as follows:

	1993 £'000	1992 £'000
Salaries	2,102	1,751
Social security costs	250	182
Pension costs	115	93
	<u>2,476</u>	<u>2,026</u>

7. Emoluments of directors

	1993 £'000	1992 £'000
Directors' emoluments	240	225
Emoluments of highest paid director	152	135
Emoluments of Chairman	—	—

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

	1993	1992
£0-£5,000	2	1
£5,000-£10,000	—	1
£80,000-£85,000	1	1
£135,000-£140,000	—	1
£150,000-£155,000	1	—
	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS - continued

8. Tangible assets

Group	Freehold property £'000	Motor cars £'000	Fixtures & fittings £'000	Company assets £'000	Vehicles on contract hire £'000	Total £'000
Cost						
At 1st April 1992	1,024	191	1,314	2,529	39,959	42,488
Additions	—	107	240	347	16,491	16,838
Disposals	—	(111)	—	(111)	(14,965)	(15,076)
At 31st March 1993	<u>1,024</u>	<u>187</u>	<u>1,554</u>	<u>2,765</u>	<u>41,485</u>	<u>44,250</u>
Depreciation						
At 1st April 1992	49	69	681	799	8,967	9,766
Charge for the year	12	41	319	372	9,025	9,397
Disposals	—	(54)	—	(54)	(7,780)	(7,834)
At 31st March 1993	<u>61</u>	<u>56</u>	<u>1,000</u>	<u>1,117</u>	<u>10,212</u>	<u>11,329</u>
Net Book Value						
At 31st March 1993	<u>963</u>	<u>131</u>	<u>554</u>	<u>1,648</u>	<u>31,273</u>	<u>32,921</u>
At 31st March 1992	<u>975</u>	<u>122</u>	<u>633</u>	<u>1,730</u>	<u>30,992</u>	<u>32,722</u>

The cost of freehold property includes £547,000 which is depreciable.

Company

	Freehold property £'000	Motor cars £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1st April 1992	1,024	10	937	1,971
Additions	—	—	205	205
Disposals	—	(10)	—	(10)
At 31st March 1993	<u>1,024</u>	<u>—</u>	<u>1,142</u>	<u>2,166</u>
Depreciation				
At 1st April 1992	49	4	417	470
Charge for the year	12	1	274	287
Disposals	—	(5)	—	(5)
At 31st March 1993	<u>61</u>	<u>—</u>	<u>691</u>	<u>752</u>
Net book value				
At 31st March 1993	<u>963</u>	<u>—</u>	<u>451</u>	<u>1,414</u>
At 31st March 1992	<u>975</u>	<u>6</u>	<u>520</u>	<u>1,501</u>

The cost of freehold property includes £547,000 which is depreciable.

NOTES TO THE ACCOUNTS - continued

9. Investment in subsidiary

On 31st January 1991 the company acquired 100% of the ordinary share capital of Fleetlease (UK) Limited, a contract hire company incorporated in the United Kingdom and registered in England, for a cash consideration amounting to £150,000.

Under the terms of the acquisition agreement the company may be required to make a further payment based on the profits of Fleetlease (UK) Limited for the three years ending 31st March 1994 up to a maximum of £2.8 million. No provision has been made for any further consideration since the amount payable cannot be determined with reasonable certainty.

10. Debtors

Group	1993		1992	
	Amounts due within 1 year £'000	Amounts due after 1 year £'000	Amounts due within 1 year £'000	Amounts due after 1 year £'000
Investment in hire purchase agreements	12,375	13,744	10,046	7,657
Instalment finance agreements	46,608	17,249	41,737	27,540
Investment in finance leases	4,584	11,200	2,898	4,591
	<u>63,567</u>	<u>42,193</u>	<u>54,681</u>	<u>39,788</u>
Amounts owed by fellow Hitachi, Limited group company	7,467	—	6,044	—
Other debtors	2,197	—	—	—
Prepayments and accrued income (note 11)	1,094	—	1,664	—
	<u>74,325</u>	<u>42,193</u>	<u>62,389</u>	<u>39,788</u>

Company	1993		1992	
	Amounts due within 1 year £'000	Amounts due after 1 year £'000	Amounts due within 1 year £'000	Amounts due after 1 year £'000
Investment in hire purchase agreements	8,922	9,847	8,016	5,367
Instalment finance agreements	45,789	17,249	40,647	27,540
Investment in finance leases	4,584	11,200	2,898	4,591
	<u>59,295</u>	<u>38,296</u>	<u>51,561</u>	<u>37,498</u>
Amounts owed by fellow Hitachi, Limited group company	7,467	—	6,044	—
Amounts owed by subsidiary	—	34,850	32,262	—
Other debtors	1,509	—	—	—
Prepayments and accrued income (note 11)	918	—	1,002	—
	<u>69,189</u>	<u>73,146</u>	<u>90,869</u>	<u>37,498</u>

NOTES TO THE ACCOUNTS - continued

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Cost of assets acquired for the purpose of letting under finance leases	<u>12,532</u>	<u>1,782</u>	<u>12,532</u>	<u>1,782</u>
Trade debtors are stated net of deferred income which is analysed as follows:				
Investment in hire purchase agreements	1,892	688	1,892	688
Instalment finance agreements	3,734	4,124	3,734	4,124
Investment in finance leases	3,044	1,068	3,044	1,068
	<u>8,670</u>	<u>5,880</u>	<u>8,670</u>	<u>5,880</u>
Aggregate leasing rentals receivable in period	4,537	4,471	4,537	4,471
Aggregate hire purchase rentals receivable in period	<u>14,366</u>	<u>5,041</u>	<u>14,366</u>	<u>5,041</u>

11. Prepayments and accrued income

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Prepayments	212	657	165	136
Accrued income	882	1,007	753	866
	<u>1,094</u>	<u>1,664</u>	<u>918</u>	<u>1,002</u>

Accrued income includes an amount of £753,000 (1992: £770,000) relating to the surplus arising on the interest differential on loan stock which is due after more than one year.

12. Creditors:

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Amounts falling due within one year				
Bank loans, overdrafts and acceptances	92,987	75,319	92,822	74,634
Accruals	7,299	8,036	2,042	2,599
Corporation tax payable	—	926	—	926
Advance Corporation Tax	131	—	131	—
Dividend payable	393	—	393	—
	<u>100,810</u>	<u>84,281</u>	<u>95,388</u>	<u>78,159</u>

NOTES TO THE ACCOUNTS - continued

13. Creditors:	Group		Company	
Amounts falling due after more than one year	1993	1992	1993	1992
Debenture loan stock:	£'000	£'000	£'000	£'000
Loan stock	38,044	34,178	38,044	34,178
Sinking fund	(18,703)	(14,561)	(18,703)	(14,561)
	<u>19,341</u>	<u>19,617</u>	<u>19,341</u>	<u>19,617</u>
¥ 2,100,000,000 TOPIX-linked coupon notes	—	9,180	—	9,180
Euro medium term notes	<u>21,155</u>	<u>21,155</u>	<u>21,155</u>	<u>21,155</u>
	<u>40,496</u>	<u>49,952</u>	<u>40,496</u>	<u>49,952</u>

The loan stock is redeemable in 2002 or, at the company's option, on or after 30th March 1997. It carries interest at 11% per annum on the amount of loan stock outstanding, including accrued interest, and is payable at the redemption rate. The company has entered into an interest swap agreement to convert the fixed interest rate on the loan stock to a variable rate linked to London Interbank Offered Rates. Interest rate receipts as a result of the swap arrangement are debited to an interest bearing account (the sinking fund). A legal right of set-off exists between the sinking fund and the loan stock.

The ¥ 2,100,000,000 coupon notes were repaid at the company's option on 22nd March 1993.

In April 1991, the company established a US\$100,000,000 Euro Medium Term Note programme to provide a further source of funding for the company's development. The company has entered into interest rate and currency swap agreements to convert the proceeds of the notes issued to date into sterling obligations at variable interest rates linked to London Interbank Offered Rates. The issued notes are due for repayment during the year ended 31st March 1995.

14. Provisions for liabilities and charges	Group		Company	
	1993	1992	1993	1992
	£,000	£,000	£,000	£,000
Deferred taxation:				
Balance as at 1st April 1992	198	863	240	873
Advance Corporation Tax recoverable	(131)	—	(131)	—
Charge/(credit) for year	<u>1,469</u>	<u>(665)</u>	<u>1,342</u>	<u>(633)</u>
At 31st March 1993	<u>1,536</u>	<u>198</u>	<u>1,451</u>	<u>240</u>
Amount provided:				
Difference between accumulated depreciation and capital allowances	876	(526)	791	(484)
Short term timing differences	791	724	791	724
Advance Corporation Tax recoverable	<u>(131)</u>	<u>—</u>	<u>(131)</u>	<u>—</u>
	<u>1,536</u>	<u>198</u>	<u>1,451</u>	<u>240</u>

Full provision has been made for deferred taxation

NOTES TO THE ACCOUNTS - continued

15. Share capital

	1993 £'000	1992 £'000
Authorised: 10,000,000 ordinary shares of £1 each (1992: 10,000,000)	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid: 4,909,350 ordinary shares of £1 each (1992: 4,545,694)	<u>4,909</u>	<u>4,546</u>

During the year there was a capital issue of 363,656 ordinary £1 shares at par out of retained reserves.

16. Profit and loss account

	Group		Company	
	1993 £,000	1992 £,000	1993 £,000	1992 £,000
At 1st April 1992	1,558	1,279	1,638	1,400
Profit for the year	534	616	402	575
Capitalisation of reserves	(363)	(337)	(363)	(337)
At 31st March 1993	<u>1,729</u>	<u>1,558</u>	<u>1,677</u>	<u>1,638</u>
Profit on ordinary activities after taxation:	1993 £,000	1992 £,000		
Dealt with in the accounts of the company	402	575		
Retained by subsidiary	<u>132</u>	<u>41</u>		
	<u>534</u>	<u>616</u>		

17. Commitments

Capital commitments at 31st March for which no provision has been made in the accounts were as follows:

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Authorised but not contracted	<u>9</u>	<u>47</u>	<u>9</u>	<u>47</u>

The company has the following commitments under operating leases expiring between two and five years.

	Group		Company	
	1993	1992	1993	1992
Land & Buildings	143	111	73	41
Other	<u>0</u>	<u>10</u>	<u>0</u>	<u>10</u>
	<u>143</u>	<u>121</u>	<u>73</u>	<u>51</u>

NOTES TO THE ACCOUNTS - continued

18. Contingent liabilities

Group

In the directors' opinion there were no material contingent liabilities at 31st March 1993 (1992 - nil) except as disclosed in note 9 to the accounts in relation to the acquisition of Fleetlease (UK) Ltd.

Company

The company has a contingent liability in respect of guarantees of the subsidiary's borrowings. The amount outstanding under these guarantees at 31st March 1993 is £165,000 (1992: £685,000).

19. Pensions

The group participates in a pension scheme operated by a fellow Hitachi Limited 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 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, were those relating to the expected rate of return on the investments of the scheme and the expected 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 £115,000 (1992: £93,000).

This cost was after a reduction of £30,000 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.

The latest actuarial valuation at 1st April 1992 showed that the market value of the scheme's assets was £8,138,000 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.

20. Holding company

The company is a wholly-owned subsidiary of Hitachi Credit Corporation, incorporated in Japan. Statutory accounts of this company can be obtained from:

Hitachi Atago Building,
15-12, Nishi Shimbashi 2-Chome,
Minato-ku,
Tokyo 105,
Japan

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

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