

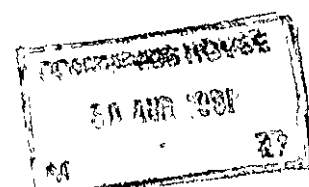
# Hitachi Credit (UK) PLC



Hitachi Credit House

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# Hitachi Credit (UK) PLC

<b>Company registration number</b>	1630491
<b>Directors</b>	S. Kobayashi, <i>Chairman</i> N. Sakamoto, <i>Managing Director</i> D. G. Anthony, <i>General Manager</i> T. A. O'Malley, <i>Non-Executive</i>
<b>Secretary</b>	J. Rice
<b>Auditors</b>	KPMG Peat Marwick-McLintock
<b>Registered Office</b>	Hitachi Credit House, Stables Courtyard, Church Road, Hayes, Middlesex, UB3 2UH Telephone: 081 561 8486
<b>Head Office</b>	A Registered Office
<b>Consumer Administration Centre</b>	Eleven Albion Street, Leeds, LS1 5ES Telephone: 0532 444881
<b>Northern Regional Office</b>	As Consumer Administration Centre Telephone: 0532 449866
<b>Midlands Regional Office</b>	Bellway House 7 Worcester Road Bromsgrove B61 7DL Telephone: 0527 575694
<b>South-Eastern Regional Office</b>	As Registered Office
<b>Contract Hire Division</b>	Furlong House Hambridge Road Newbury Berkshire RG14 5UT Telephone: 0635 524411

# Chairman's statement

The recession that started in 1989 deepened throughout 1990 and the early part of 1991. It has had particular impact on the financial services and banking sectors because of an unusual combination of high inflation, high interest rates and falling asset values. It now, however, affects all sectors of the economy, including the manufacturing base, and we have seen a gloomy sequence of declining company profits, record business failures and rising unemployment.

Recovery follows recession as day follows night. Inflation is now falling rapidly and recent interest rate reductions have provided some relief to the business and personal sectors. There are signs of improvement in the housing market, and if it is sustained there will be a revival of consumer confidence. Trade imbalances are slowly being rectified, assisted by the high level of foreign investment in British industry in the last decade. Also, the government must seek re-election by July 1992, and will therefore do what it can to speed the pace of recovery.

For these reasons I believe that we are now at the low point of the economic cycle and recovery is not far away. Recovery will, however, be slow, as many businesses have suffered damage. Unemployment will rise for some time, and living standards will not.

I am pleased to report good trading results in such a stern environment. Volume of business increased by 21% to £79 million; gross profit by 45% to £4.1 million; profit before tax by 32% to £876,000; and profit after tax by 59% to £586,000.

In April 1991 we established a US\$100,000,000 medium term note programme to provide a further source of funding for the company's continuing development. It has been rated AA by Standard & Poor's Corporation. We shall use it to take advantage of favourable opportunities to issue as and when they arise.

During the year we have made a considerable further investment in computer systems to ensure that we have the processing capability necessary for the future expansion of our business.

## **Commercial Instalment Credit and Leasing**

Market conditions have seldom been less favourable. The recession has particularly affected smaller companies, and business opportunities of satisfactory quality have been hard to find.

One benefit of the recession has however been a return to a more orderly market. A number of competitors have retired wounded, and as a result we are obtaining better margins on the business we are currently writing. Gross profit showed an increase of 17%, and I believe this to be an acceptable result.

## **Consumer Credit**

Consumer credit pays its way in hard times, provided underwriting standards are correctly set. We specialise in high quality small-unit point of sale credit, and have concentrated on this aspect of our business. We achieved a 66% increase in volume of business, and a 19% increase in gross profit. Again, a number of major competitors, affected by rising arrears and increased operating costs, have withdrawn from the market, and this has helped the development of our business.

We tightened our underwriting standards in good time at the onset of the recession, and achieved a 30% reduction in arrears ratios. This was a pleasing result, because it was achieved from an already low base and was contrary to industry trends.

## **Contract Hire**

On 31st January 1991 we completed the purchase of *Fleetlease (UK) Ltd* from *Gowings plc*. (Details are set out in note 9 to the accounts.) *Fleetlease* is a contract hire company based in Newbury with a fleet of 2600 vehicles and a competent and experienced management and staff.

The acquisition came too late to have a material impact on our trading results, but we were pleased to record a small post-acquisition profit. I am confident that *Fleetlease* will make an important and growing contribution to our results in the years to come.

Our own contract hire division continued to develop well, and finished the year with a fleet of over 1000 vehicles – a 48% increase on the previous year. Since the end of the year we have combined the two fleets, and now provide an integrated contract hire service to our customers from Newbury.

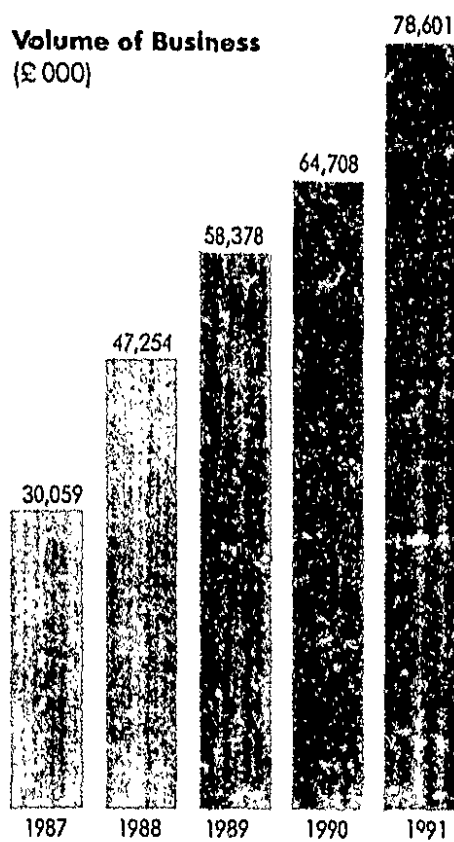
It takes a storm to test a pilot's skills. Our U.K. staff have planned a course through the recession, and I thank them for this. I also thank our bankers and investors for their continuing confidence and support.



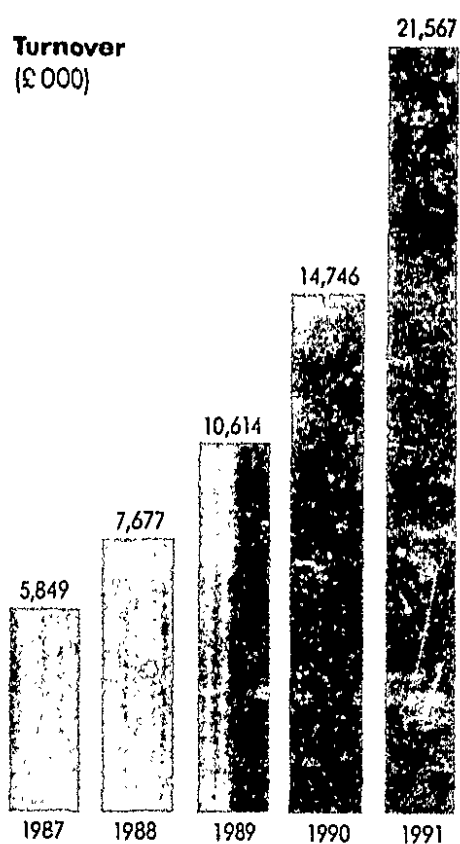
Shinichi Kobayashi  
President of Hitachi Credit Corporation  
and Chairman of Hitachi Credit (UK) PLC

# Five year summary

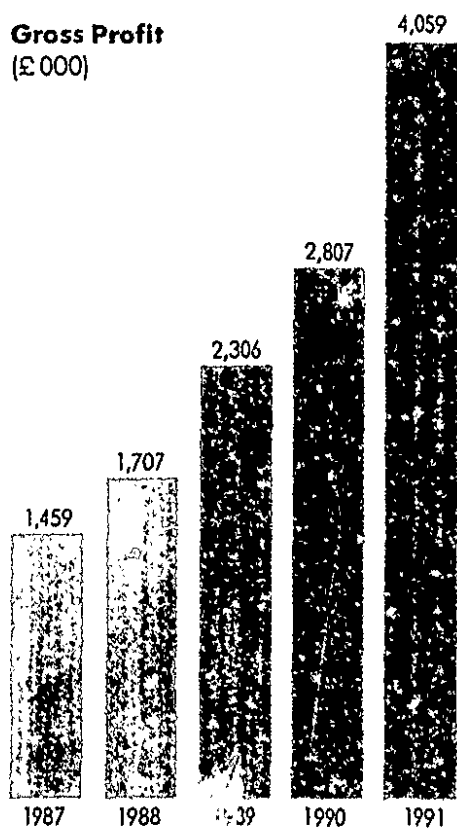
**Volume of Business**  
(£ 000)



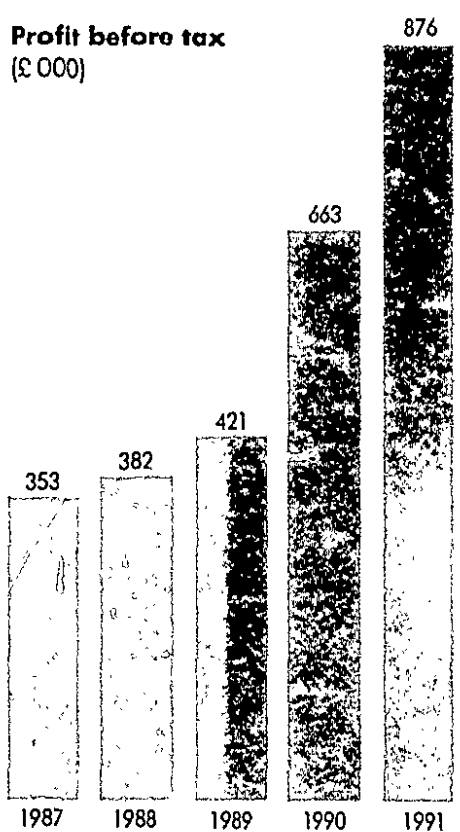
**Turnover**  
(£ 000)



**Gross Profit**  
(£ 000)



**Profit before tax**  
(£ 000)



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

# Directors' report

The directors present their annual report and the audited accounts for the year ended 31st March, 1991.

## Business Review

The principal activities are providing finance in the forms of contract hire, block discounting, leasing, hire purchase and credit sale.

It is expected that business will continue to expand.

	1991 £'000	1990 £'000
<b>Turnover</b>	<b>21,567</b>	<b>14,746</b>
Profit before taxation	876	663
Taxation	290	294
Profit after taxation-transferred to reserves	586	369

An analysis of turnover by activity is given in note 2 to the accounts.

The directors consider the development of the company's business during the financial year and the company's trading position at the end of the financial year to have been satisfactory.

On 31st January 1991, the company acquired 100% of the share capital of Fleetlease (UK) Ltd, a company engaged in the provision of contract hire, rental and fleet management services. The initial consideration for the transaction was £150,000.

## 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 311,776 ordinary £1 shares out of retained reserves.

## 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

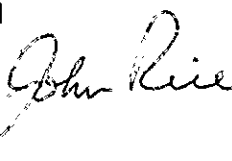
In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

J. Rice

Company Secretary

24th June 1991



# Report of the Auditors, KPMG Peat Marwick McLintock

## **To the members of Hitachi Credit (UK) PLC**

We have audited the accounts on pages 7-24 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, 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick McLintock*

LONDON  
24th June 1991

KPMG PEAT MARWICK McLINTOCK  
Chartered Accountants

# Consolidated Profit and loss account

For the year ended 31 st March, 1991

	Note	1991 £'000	1990 £'000
Turnover	2	21,567	14,746
Cost of Sales	3	17,508	11,939
Gross profit		4,059	2,807
Administrative expenses		3,183	2,144
Profit on ordinary activities before taxation	4	876	663
Tax on profit on ordinary activities	5	290	294
Profit on ordinary activities after taxation transferred to reserves	13	586	369

The attached notes form part of these accounts; in particular, note 13 states the movement on reserves

# Consolidated Balance sheet

as at 31st March, 1991

<b>ASSETS</b>	<b>Note</b>	<b>£'000</b>	<b>1991 £'000</b>	<b>1990 £'000</b>
<b>Fixed assets</b>				
Company assets	8		1,768	1,336
Vehicles on contract hire	8		29,872	6,715
Tangible assets			31,640	8,051
<b>Current assets</b>				
Amounts falling due within one year	10	51,363		37,993
Amounts falling due after more than one year	10	37,517		35,270
<b>Trade debtors</b>		88,880		73,263
Amounts owed by fellow Hitachi Limited group company		14,092		14,004
Prepayments and accrued income	11	1,284		698
<b>Debtors</b>		104,256		87,965
<b>Cash at bank and in hand</b>		1,982		1,148
			106,238	89,113
			137,878	97,164

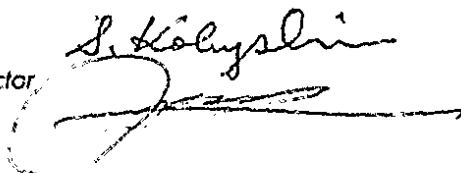
<b>LIABILITIES</b>	<b>Note</b>	<b>£'000</b>	<b>1991 £'000</b>	<b>1990 £'000</b>
<b>Capital and reserves</b>				
Called up share capital	12		4,209	3,897
Profit and loss account	13		<u>1,279</u>	<u>1,155</u>
			5,488	5,052
 <b>Provisions for liabilities and charges</b>	 14		 863	 613
<b>Creditors</b>				
Amounts falling due within one year	15	102,523		62,441
Amounts falling due after more than one year	16	<u>29,004</u>		<u>29,058</u>
			131,527	91,499
			 <u>137,878</u>	 <u>97,164</u>

The attached notes form part of these accounts.

These accounts were approved by the Board of Directors  
on 24th June 1991

S. Kobayashi, Chairman

N. Sakamoto, Managing Director



# Company Balance sheet

as at 31st March, 1991

ASSETS	Note	£'000	1991 £'000	1990 £'000
<b>Fixed assets</b>				
Company assets	8	1,724		1,336
Vehicles on contract hire	8	9,409		6,715
Tangible assets			11,133	8,051
Investment in subsidiary	9		150	-
			11,283	8,051
<b>Current assets</b>				
Amounts falling due within one year	10	50,496		37,993
Amounts falling due after more than one year	10	37,517		35,270
<b>Trade debtors</b>		88,013		73,263
Amounts owed by fellow Hitachi Limited group company		14,092		14,004
Amounts owed by subsidiary		9,732		-
Prepayments and accrued income	11	1,009		698
<b>Debtors</b>		112,846		87,965
<b>Cash at bank and in hand</b>		1,636		1,148
			114,482	89,113
			<u>125,765</u>	<u>97,164</u>

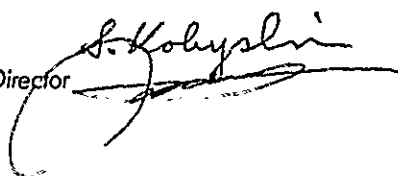
<b>LIABILITIES</b>	<b>Note</b>	<b>£'000</b>	<b>1991 £'000</b>	<b>1990 £'000</b>
<b>Capital and reserves</b>				
Called up share capital	12		4,299	3,897
Profit and loss account	13		1,400	1,155
			<u>5,609</u>	<u>5,052</u>
 <b>Provisions for liabilities and charges</b>	 14		 873	 613
<b>Creditors</b>				
Amounts falling due within one year	15	90,279		62,441
Amounts falling due after more than one year	16	<u>29,004</u>		<u>29,058</u>
			<u><u>125,765</u></u>	<u><u>97,164</u></u>

The attached notes form part of these accounts.

These accounts were approved by the Board of Directors  
on 24th June 1991

S. Kobayashi, Chairman

N. Sakamoto, Managing Director



# Consolidated Statement of source and application of funds

For the year ended 31st March, 1991

		1991	1990
Source of funds	£'000	£'000	£'000
Profit before taxation		876	663
Adjustment for items not involving the movement of funds:			
Depreciation		2,825	1,270
(Profit)/loss on disposal of fixed assets		(46)	11
Surplus on loan stock		(224)	(150)
Total generated from operations		3,431	1,784
Funds from other sources:			
Issue of bond		—	9,189
Issue of share capital		—	1,000
Disposal of fixed assets		1,282	789
		4,713	12,753

## Application of funds

Purchase of fixed assets	6,935	4,964
Acquisition of subsidiary	150	—
Taxation paid	—	271
Reduction in deep discount bond	54	—
	7,139	5,235
	(2,426)	7,518

## Movement in working capital

Increase in debtors & prepayments	15,148	17,226
Decrease/(increase) in accruals	1,387	(2,405)
	16,535	14,821

## Movement in net liquid funds

Increase/(decrease) in cash at bank and in hand	833	(2,924)
(Increase) in short-term loans	(19,794)	(4,359)
	(18,961)	(7,283)
	(2,426)	7,518

### **Subsidiary acquired**

The effect of the acquisition made during the year on the consolidated statement of source and application of funds was as follows:

	<b>Fair value</b>
	<b>£'000</b>
Fixed assets	<b>20,715</b>
Trade debtors	<b>837</b>
Prepayments and accrued income	<b>131</b>
Cash at bank and in hand	<b>1</b>
Deferred tax	<b>(54)</b>
Creditors falling due within one year	<b>(21,630)</b>
	<hr/>
Fair value of net assets acquired	<b>—</b>
Cash consideration	<b>150</b>
Goodwill	<b>150</b>
	<hr/> <hr/>

# Notes on 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 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 from the date of acquisition using the acquisition method of accounting. 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**

Charges and interest on instalment finance and leasing agreements are credited to profit and loss account over the period during which repayments fall due in proportion to the monthly balances outstanding.

Rentals receivable on contract hire vehicles are credited to the profit and loss account on a straight line basis over the time period of the lease.

### **Finance Leases**

Amounts due from lessees under finance leases are recorded in the balance sheet as debtors at the amount of net investments 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 on 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.

	1991 £'000	1990 £'000
Analysis of turnover by activity:		
Contract hire	6,075	2,583
Commercial instalment finance and leasing	10,909	6,220
Consumer instalment finance	2,127	1,589
Interest on advances to fellow Hitachi Ltd group company	2,097	2,071
Bank deposit interest and other similar income	359	278
	<u>21,567</u>	<u>14,746</u>

## 3. Cost of Sales

Interest payable and similar charges:

On overdrafts, acceptances and bank loans  
repayable within five years

Loan stock interest

Depreciation of contract hire vehicles

(Profit)/loss on disposal of contract hire vehicles

Maintenance expenses on contract hire vehicles

	1991 £'000	1990 £'000
Interest payable and similar charges:		
On overdrafts, acceptances and bank loans repayable within five years	11,193	7,532
Loan stock interest	2,994	2,804
	<u>14,187</u>	<u>10,336</u>
Depreciation of contract hire vehicles	2,636	1,134
(Profit)/loss on disposal of contract hire vehicles	(46)	11
Maintenance expenses on contract hire vehicles	731	458
	<u>17,508</u>	<u>11,939</u>

## 4. Profit on ordinary activities before taxation

Analysis of profit before taxation between activities:

Contract hire

Commercial instalment finance and leasing

Consumer instalment finance

Gross profit

Administration expenses

	1991 £'000	1990 £'000
Contract hire	1,237	487
Commercial instalment finance and leasing	1,798	1,538
Consumer instalment finance	1,024	862
	<u>1,059</u>	<u>2,807</u>
Gross profit	(3,183)	(2,144)
Administration expenses	<u>876</u>	<u>663</u>

Profit before taxation is stated after charging:

Depreciation of tangible assets

Operating lease rentals: plant and machinery  
other

Directors' emoluments (see note 7)

Directors' pension costs

Auditors' remuneration

	1991	1990
Depreciation of tangible assets	2,825	1,270
Operating lease rentals: plant and machinery	25	15
other	22	6
Directors' emoluments (see note 7)	177	145
Directors' pension costs	8	8
Auditors' remuneration	45	30

# Notes on the accounts — continued

## 5. Taxation on profit on ordinary activities:

	1991 £'000	1990 £'000
Current year:		
Corporation tax at 34% (1990: 35%)	79	-
Deferred taxation	259	257
Prior year: Corporation tax	15	37
Deferred tax	(22)	-
Deferred tax credit arising from change in tax rates	(41)	-
	<u>290</u>	<u>294</u>

## 6. Staff numbers and costs

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

	1991	1990
Management	12	11
Administrative	29	24
New business	12	8
	<u>53</u>	<u>43</u>

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

	£'000	£'000
Salaries	1,063	775
Social security costs	83	52
Pension costs	62	51
	<u>1,208</u>	<u>878</u>

# Notes on the accounts – continued

## 7. Emoluments of directors

	1991 £'000	1990 £'000
Directors' emoluments	177	145
Emoluments of highest paid director	100	80
Emoluments of Chairman	—	—
The number of other directors whose emoluments excluding pension contributions, fell within the following ranges was as follows:		
0-£5,000	—	1
£5,000-£10,000	1	—
£55,000-£60,000	—	1
£70,000-£75,000	1	—

# Notes on the accounts – continued

## 8. Fixed assets

Group	Freehold property	Motor cars	Fixtures & fittings	Company Assets	Vehicles on contract hire	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April, 1990	1,024	267	354	1,645	8,016	9,661
On acquisition of subsidiary	—	—	185	185	25,436	25,621
Additions	—	231	393	624	6,311	6,935
Disposals	—	(112)	—	(112)	(2,166)	(2,278)
At 31st March, 1991	1,024	386	932	2,342	37,597	39,939
<b>Depreciation</b>						
At 1st April, 1990	24	80	205	309	1,301	1,610
On acquisition of subsidiary	—	—	139	139	4,767	4,906
Charge for the year	13	77	99	189	2,636	2,825
Disposals	—	(63)	—	(63)	(979)	(1,042)
At 31st March, 1991	37	94	443	574	7,725	8,299
<b>Net book value</b>						
At 31st March, 1991	987	292	489	1,768	29,872	31,640
At 31st March, 1990	1,000	187	149	1,336	6,715	8,051

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

## Company

	Freehold property	Motor cars	Fixtures & fittings	Company Assets	Vehicles on contract hire	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1st April, 1990	1,024	267	354	1,645	8,016	9,661
Additions	—	231	391	622	5,761	6,383
Disposals	—	(112)	—	(112)	(2,133)	(2,245)
At 31st March, 1991	1,024	386	745	2,155	11,644	13,799
<b>Depreciation</b>						
At 1st April, 1990	24	80	205	309	1,301	1,610
Charge for the year	13	77	93	183	1,880	2,063
Disposals	—	(61)	—	(61)	(946)	(1,007)
At 31st March, 1991	37	96	298	431	2,235	2,666
<b>Net book value</b>						
At 31st March, 1991	987	290	447	1,724	9,409	11,133
At 31st March, 1990	1,000	187	149	1,336	6,715	8,051

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

# Notes on the accounts – continued

## 9. Fixed asset investments

### Company

Investment in subsidiary companies	£'000
Cost	
At 1st April, 1990	—
Additions	150
At 31st March, 1991	150

Note 20 gives details of the company's subsidiary and its contribution to the group's results.

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 Hitachi Credit (UK) PLC 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.

Fair value adjustments to book values of net assets acquired have been made as follows:

	Book value £'000	Accounting policy alignment £'000	Fair value to Group £'000
Fixed assets	18,853	1,862	20,715
Trade debtors	837	—	837
Prepayments and accrued income	131	—	131
Cash at bank and in hand	1	—	1
Deferred tax	(22)	(32)	(54)
Creditors falling due within one year	(19,817)	(1,813)	(21,630)
	(17)	17	0

# Notes on the accounts – continued

## 10. Trade debtors Group

	1991		1990	
	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	9,295	6,225	10,081	8,158
Instalment finance agreements	38,499	25,637	24,941	20,119
Investment in finance leases	3,569	5,655	2,971	6,993
	<u>51,363</u>	<u>37,517</u>	<u>37,993</u>	<u>35,270</u>

## Company

	1991		1990	
	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	9,295	6,225	10,081	8,158
Instalment finance agreements	37,632	25,637	24,941	20,119
Investment in finance leases	3,569	5,655	2,971	6,993
	<u>50,496</u>	<u>37,517</u>	<u>37,993</u>	<u>35,270</u>

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Cost of assets acquired for the purpose of letting under finance leases	<u>5,015</u>	<u>2,172</u>	<u>5,015</u>	<u>2,172</u>

Trade debtors are stated net of deferred income  
which is analysed as follows:

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Investment in hire purchase agreements	1,075	1,056	1,075	1,056
Instalment finance agreements	3,743	3,158	3,743	3,158
Investment in finance leases	1,548	1,607	1,548	1,607
	<u>6,366</u>	<u>5,821</u>	<u>6,366</u>	<u>5,821</u>
Aggregate leasing rentals receivable in period	5,270	4,639	5,270	4,639
Aggregate hire purchase rentals receivable in period	<u>6,256</u>	<u>7,475</u>	<u>6,256</u>	<u>7,475</u>

# Notes on the accounts – continued

## 11. Prepayments and accrued income:

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Prepayments	539	94	264	94
Accrued income	745	604	745	604
	<u>1,284</u>	<u>698</u>	<u>1,009</u>	<u>698</u>

Accrued income includes an amount of £745,000 (1990: £574,000) relating to the surplus arising on the interest differential on loan stock which is due in more than one year.

## 12. Share capital

	1991	1990
	£'000	£'000
Authorised:		
10,000,000 ordinary shares of £1 each (1990: 5,000,000)	<u>10,000</u>	<u>5,000</u>
Allotted, called up and fully paid:		
4,208,976 ordinary shares of £1 each (1990: 3,897,200)	<u>4,209</u>	<u>3,897</u>

During the year there was a capital issue of 311,776 ordinary £1 shares out of retained reserves.

## 13. Profit & loss account

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
At 1st April, 1990	1,155	1,093	1,155	1,093
Profit for the year	586	369	557	369
Goodwill on acquisition	(150)	—	—	—
Capitalisation of reserves	(312)	(307)	(312)	(307)
At 31st March, 1991	<u>1,279</u>	<u>1,155</u>	<u>1,400</u>	<u>1,155</u>
Profit on ordinary activities after taxation:	1991	1990		
	£'000	£'000		
Dealt with in the accounts of the company	557	369		
Retained by subsidiary	29	—		
	<u>586</u>	<u>369</u>		

# Notes on the accounts – continued

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
<b>14. Taxation including deferred taxation</b>				
Deferred taxation:				
Balance at 1st April, 1990	613	356	613	356
On acquisition of subsidiary	54	–	–	–
Charge for year	196	257	260	257
At 31st March, 1991	<u>863</u>	<u>613</u>	<u>873</u>	<u>613</u>

Amount provided

Difference between accumulated depreciation and capital allowances	871	649	390	649
Short term timing differences	39	398	530	398
Losses carried forward	(47)	(434)	(47)	(434)
	<u>863</u>	<u>613</u>	<u>873</u>	<u>613</u>

There is no unprovided deferred taxation (1990: £Nil)

## 15. Creditors: Amounts falling due within one year

Bank loans, overdrafts and acceptances	95,739	57,472	86,523	57,472
Accruals	6,784	4,969	3,756	4,969
	<u>102,523</u>	<u>62,441</u>	<u>90,279</u>	<u>62,441</u>

## 16. Creditors: Amounts falling due after more than one year

Debenture loan stock				
Loan stock	30,705	27,584	30,705	27,584
Sinking fund	(10,881)	(7,630)	(10,881)	(7,630)
Expenses of issue	–	(76)	–	(76)
	<u>19,824</u>	<u>19,878</u>	<u>19,824</u>	<u>19,878</u>
Yen 2,100,000,000 TOPIX-linked coupon notes due 1994	9,180	9,180	9,180	9,180
	<u>29,004</u>	<u>29,058</u>	<u>29,004</u>	<u>29,058</u>

# Notes on the accounts – continued

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 date.

The company has entered into an interest swap arrangement 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 Y2,100,000,000 coupon notes are repayable on 22nd March 1994, or at the company's option on 22nd March 1993. The interest rate payable on the notes is linked to TOPIX, the Tokyo Stock Exchange Price Index. The notes are listed on the Luxembourg Stock Exchange. The company has entered into interest rate and currency swap agreements to convert the proceeds into sterling obligations at a variable interest rate linked to London Interbank Offered Rates.

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
<b>17. Commitments</b>				
Capital commitments at 31st March for which no provision has been made in the accounts were as follows:—				
Authorised but not contracted	<u>1,906</u>	<u>315</u>	<u>1,699</u>	<u>315</u>
In the year to 31st March 1992 the company has the following commitments under operating leases expiring between two and five years.				
Land & Buildings	101	25	31	25
Other	<u>6</u>	<u>10</u>	<u>6</u>	<u>10</u>
<b>Total</b>	<u>107</u>	<u>35</u>	<u>37</u>	<u>35</u>

## 18. Contingent liabilities

### Group

In the directors' opinion there were no material contingent liabilities at 31st March, 1991 (1990—nil), other than the further amount which might be payable for the acquisition of Fleetlease (UK) Limited.

### 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 1991 was £8,932,000 (1990—nil).

## 19. Pensions

The Group participates in a 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, are those relating to the rate of return on the investments of the scheme and 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.

The pension cost charged to the profit and loss account for the year was £58,000 (1990: £50,014). This cost was after a reduction of £9,000 in respect of the amortisation of past over-funding. This amortisation is over a period of 17 years, the average remaining service lives of the pensioned employees.

The latest actuarial valuation at 1st April 1988 showed that the market value of the Scheme's assets was £4,939,000 and the actuarial value of these assets represented 115% 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.

# Notes on the accounts -- continued

## 20. Principal Subsidiary

Name	Country of Incorporation	Ownership
Fleetlease (UK) Limited	Great Britain	100%

The contribution to Group results of the above company which was acquired during the year was as follows:

	£'000
Turnover	1,598
Profit before tax	44

## 21. 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.

The registered office of 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.