

# Hitachi Credit (UK) PLC



Report & Accounts  
Year ended 31st March 1992

# Hitachi Credit (UK) PLC



Hitachi Credit House

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# Chairman's statement

The present recession has already been the worst since the 1930's and indications of a sustained recovery are elusive. Tentative signs of recovery in the summer of 1991 were ended by a further deterioration in the housing market. The Conservative election victory in April 1992 boosted confidence, but since then the collapse of some large property companies has dealt the flagging commercial property market a damaging blow and this may delay the recovery again and limit the ability of the banking sector to finance it when it comes.

Internationally the situation has not improved and every major economy has experienced difficulty. The European environment, both political and economic, has deteriorated markedly and Germany, for so long the motor of Western European growth, has faltered under the burden of reunification.

It therefore seems likely that recovery will be slow and our best expectation is a modest improvement in output, confidence and demand in 1992/93.

I am pleased to report that we have continued to trade successfully in these exceptionally difficult conditions. Volume of business increased by 29% to £101 million and gross profit by 56% to £6.3 million. Profit before tax was flat at £877,000, but profit after tax increased by 5% to £616,000.

We also strengthened our balance sheet during the year. Both equity gearing and current liquidity were improved, the latter by the receipt of £21 million of issue proceeds under our medium term note programme, which has proved a cost-effective source of funds.

## Consumer Credit

We decided two years ago to increase consumer credit as a proportion of total business, believing this to be the best means of securing profitable growth during a period of recession. Performance has been in line with expectation; consumer volume of business increased by 206% during the year to £44 million, representing 43% of total business compared with 18% in 1990/91, whilst gross profit increased by 219%. The number of consumer accounts increased from 40,000 at the beginning of the financial year to 88,000 at the end.

Such growth would not have been possible without a major investment in computer technology and we believe our dealer support and credit evaluation systems to be among the best in the industry.

## Commercial Instalment Credit and Leasing

This market has continued to be extremely difficult. Smaller companies have borne the brunt of the recession and we have preferred not to lend rather than take on credit risks that do not meet our quality standards.

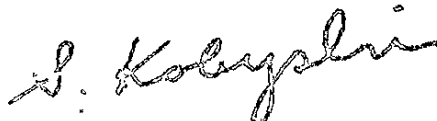
Since the year-end we have negotiated a long-term bad debts insurance policy. I believe we are the first financial services company to have completed such an arrangement.

There are signs that good quality companies are now returning to the market to finance capital investment – always a leading indicator of economic recovery – and I expect the coming year to produce a better result.

## Contract Hire

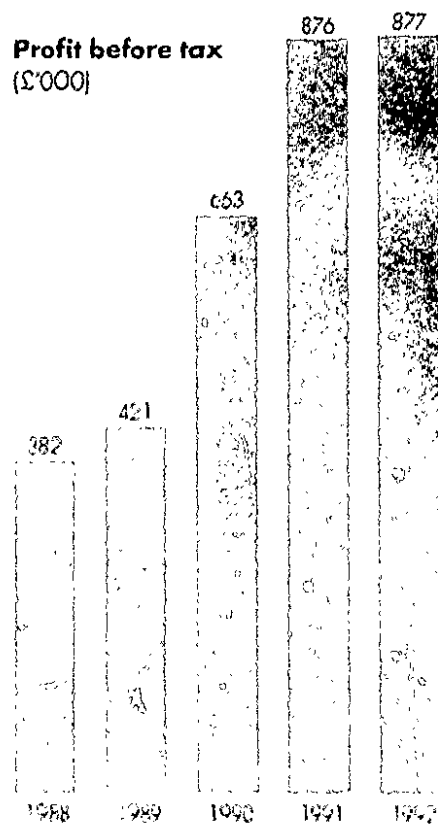
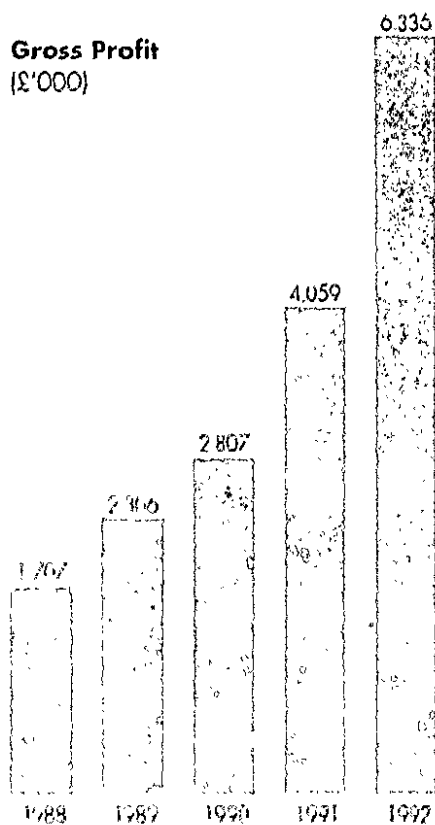
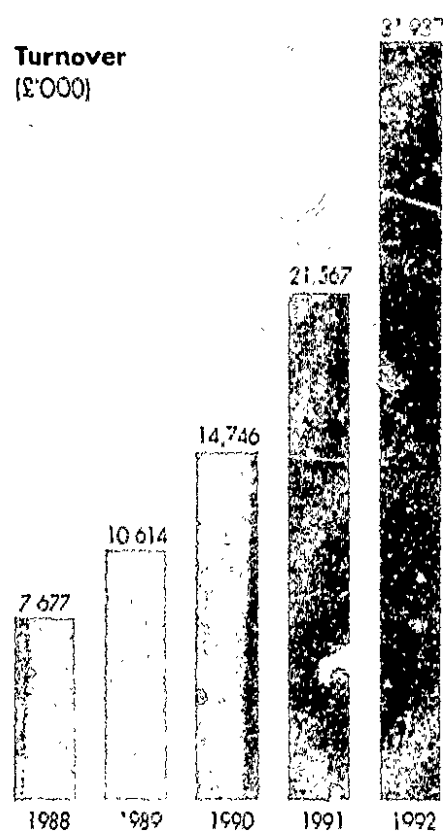
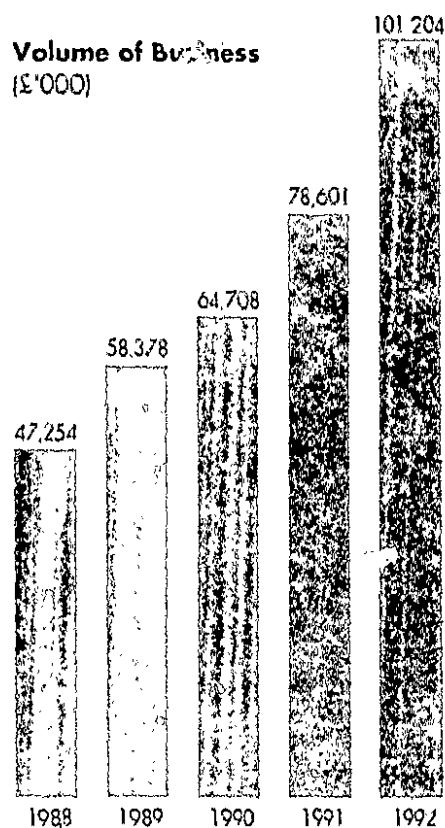
The past year has been one of consolidation following our acquisition of Fleetlease (UK) Ltd in January 1991. Our own contract hire business was fully integrated with that of Fleetlease and new computer, accounting and administration systems were introduced. I believe that Fleetlease now has a firm base for expanding its business and I expect a good trading result in the coming year.

This year marks the tenth anniversary of Hitachi Credit in the UK and I am pleased to have been able to demonstrate our continuing and steady commitment to our chosen market areas. I am also pleased that our company has produced satisfactory results in difficult circumstances. Any business can prosper in a boom; to prosper in recession requires resilience and I believe that the experience gained will be invaluable to us in the years to come.



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

# Five year summary



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, 1992.

## **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.

	1992 £'000	1991 £'000
Turnover	31,937	21,567
Profit before taxation	877	876
Taxation	261	290
Profit after taxation - transferred to reserves	616	586

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.

## **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 336,718 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 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, KPMG Peat Marwick

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

We have audited the accounts on pages 7-20 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, 1992 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.

LONDON  
22nd June 1992

*KPMG Peat Marwick*

KPMG PEAT MARWICK  
Registered Auditor  
Chartered Accountants

# Consolidated Profit and Loss Account

for the year ended 31st March, 1992

	Note	1992 £'000	1991 £'000
Turnover	2	31,937	21,567
Cost of sales	3	25,601	17,508
Gross profit		6,336	4,059
Administrative expenses		5,459	3,183
Profit on ordinary activities before taxation	4	877	876
Tax on profit on ordinary activities	5	261	290
Profit on ordinary activities after taxation transferred to reserves	16	616	586

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

# Consolidated Balance Sheet

as at 31st March, 1992

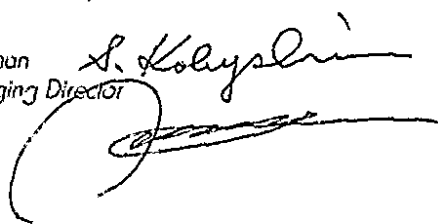
	Note	£'000	1992 £'000	1991 £'000
<b>Fixed assets</b>				
Tangible assets	8		32,722	31,640
<b>Current assets</b>				
Debtors	10	102,177		104,256
Cash at bank and in hand		5,636		1,982
		<u>107,813</u>		<u>106,238</u>
Creditors: amounts falling due within one year	12	<u>84,281</u>		<u>102,523</u>
Net current assets			<u>23,532</u>	<u>3,715</u>
Total assets less current liabilities			<u>56,254</u>	<u>35,355</u>
Creditors: amounts falling due after more than one year	13		49,952	29,004
Provisions for liabilities and charges	14		<u>198</u>	<u>863</u>
<b>NET ASSETS</b>			<u><u>6,104</u></u>	<u><u>5,488</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		4,546	4,209
Profit and loss account	16		<u>1,558</u>	<u>1,279</u>
			<u><u>6,104</u></u>	<u><u>5,488</u></u>

The attached notes form part of these accounts

These accounts were approved by the Board of Directors  
on 22nd June 1992

S. Kobayashi, Chairman

N. Sakamoto, Managing Director





# Company Balance Sheet

as at 31st March, 1992

	Note	£'000	1992 £'000	1991 £'000
<b>Fixed assets</b>				
Tangible assets	8		1,501	11,133
Investment in subsidiary	9		150	150
			<u>1,651</u>	<u>11,283</u>
<b>Current assets</b>				
Debtors	10	128,367		112,846
Cash at bank and in hand		4,517		1,636
		<u>132,884</u>		<u>114,482</u>
Creditors: amounts falling due within one year	12	78,159		90,279
Net current assets			54,725	24,203
Total assets less current liabilities			<u>56,376</u>	<u>35,486</u>
Creditors: amounts falling due after more than one year	13		49,952	29,004
Provisions for liabilities and charges	14		240	873
<b>NET ASSETS</b>			<u>6,184</u>	<u>5,609</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		4,546	4,209
Profit and loss account	16		1,638	1,400
			<u>6,184</u>	<u>5,609</u>

The attached notes form part of these accounts

These accounts were approved by the Board of Directors on 22nd June 1992

S. Kobayashi, Chairman

M. Sakamoto, Managing Director

*S. Kobayashi*

*M. Sakamoto*

# Consolidated Cash Flow Statement

for the year ended 31st March, 1992

	£'000	1992 £'000
<b>Net cash inflow from operating activities (note 1)</b>		<b>3,525</b>
<b>Investing activities</b>		
Purchase of company fixed assets	(467)	
Sale of company fixed assets	68	
Acquisition of subsidiary	-	
<b>Net cash outflow from investing activities</b>		<b>(399)</b>
<b>Net cash inflow before financing</b>		<b>3,126</b>
<b>Financing</b>		
Issue of Euro medium term notes		(21,155)
Reduction in deep discount bond		207
Decrease in acceptances		27,000
<b>Net cash outflow from financing</b>		<b>6,052</b>
<b>Increase in cash and cash equivalents (note 2)</b>		<b>(2,926)</b>
		<b>3,126</b>

## Notes to the cash flow statement

### 1. Reconciliation of operating profit to net cash inflow from operating activities

	1992 £'000	1991 £'000
Operating profit	877	877
Depreciation charge	3,138	2,825
Loss on disposal of fixed assets	169	174
Surplus on loan stock	(25)	(220)
Decrease in debtors	2,104	(15,200)
Increase in accruals	1,252	3,150
Purchase less sale of vehicles on contract hire	(8,990)	(10,420)
<b>Net cash inflow from operating activities</b>	<b>3,525</b>	<b>(18,184)</b>

### 2. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1992 £'000	1991 £'000	Change £'000
Cash at bank and in hand	5,636	2,182	3,654
Bank loans, overdrafts and acceptances*	(60,319)	(57,437)	(6,580)
	<b>(54,683)</b>	<b>(55,255)</b>	<b>(2,926)</b>

\* 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 1991	4,209	29,004	42,000
Capitalisation of reserves	337	-	-
Issue of Euro medium term notes	-	21,155	-
Reduction in deep discount bond	-	(207)	-
Decrease in acceptances	-	-	(27,000)
<b>At 31st March 1992</b>	<b>4,546</b>	<b>49,952</b>	<b>15,000</b>

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

# 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 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.

From 1st April 1991 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 lease.

### 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 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.

	1992 £'000	1991 £'000
Analysis of turnover by activity:		
Contract hire	15,944	6,075
Commercial instalment finance and leasing	9,062	10,909
Consumer instalment finance	4,758	2,127
Interest on advances to fellow Hitachi Ltd group company	1,570	2,097
Bank deposit interest and other similar income	603	359
	<u>31,937</u>	<u>21,567</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  
Loss/(profit) on disposal of contract hire vehicles  
Maintenance expenses on contract hire vehicles

	1992 £'000	1991 £'000
Interest payable and similar charges: On overdrafts, acceptances and bank loans repayable within five years	12,863	11,193
Loan stock interest	2,218	2,994
	<u>15,081</u>	<u>14,187</u>
Depreciation of contract hire vehicles	7,701	2,636
Loss/(profit) on disposal of contract hire vehicles	169	(46)
Maintenance expenses on contract hire vehicles	2,650	731
	<u>25,601</u>	<u>17,508</u>

## 4. Profit on ordinary activities before taxation

Analysis of profit before taxation by activity:

Contract hire  
Commercial instalment finance and leasing  
Consumer instalment finance

Gross profit  
Administration expenses

	1992 £'000	1991 £'000
Contract hire	1,425	1,237
Commercial instalment finance and leasing	1,644	1,798
Consumer instalment finance	3,267	1,024
	<u>6,336</u>	<u>4,059</u>
Gross profit	(5,459)	(3,183)
Administration expenses	877	876

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  
Income recognised on commencement of  
contract hire agreements to cover initial direct  
costs of setup (see note 1: Income)

	1992 £'000	1991 £'000
Depreciation of tangible assets	8,138	2,825
Operating lease rentals: plant and machinery	23	25
other	47	22
Directors' emoluments (see note 7)	225	177
Directors' pension costs	9	8
Auditors' remuneration	42	45
Income recognised on commencement of contract hire agreements to cover initial direct costs of setup (see note 1: Income)	129	-

# Notes on the accounts – continued

## 5. Taxation on profit on ordinary activities:

	1992 £'000	1991 £'000
Current year		
Corporation tax at 33% (1991: 34%)	926	79
Deferred taxation	(633)	259
Prior year Corporation tax	0	15
Deferred tax	(32)	(22)
Deferred tax credit arising from change in tax rates	0	(41)
	<u>261</u>	<u>290</u>

## 6. Staff numbers and costs

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

	1992	1991
Management	19	12
Administrative	47	29
New business	15	12
	<u>81</u>	<u>53</u>

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

	1992 £'000	1991 £'000
Salaries	1,751	1,063
Social security costs	182	83
Pension costs	93	62
	<u>2,026</u>	<u>1,208</u>

## 7. Emoluments of directors

	1992 £'000	1991 £'000
Directors' emoluments	225	177
Emoluments of highest paid director	135	100
Emoluments of Chairman	—	—

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

	1992	1991
£0-£5,000	1	1
£5,000-£10,000	1	1
£10,000-£15,000	—	1
£15,000-£20,000	1	—
£20,000-£25,000	—	1
£25,000-£30,000	1	—

# Notes on 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
<b>Cost</b>						
At 1st April 1991	1,024	386	932	2,342	37,597	39,939
Additions	-	-	467	467	13,225	13,692
Disposals	-	(195)	(85)	(280)	(10,863)	(11,143)
At 31st March 1992	<u>1,024</u>	<u>191</u>	<u>1,314</u>	<u>2,529</u>	<u>39,959</u>	<u>42,488</u>
<b>Depreciation</b>						
At 1st April 1991	37	94	443	574	7,725	8,299
Charge for the year	12	112	313	437	7,701	8,138
Disposals	-	(137)	(75)	(212)	(6,459)	(6,671)
At 31st March 1992	<u>49</u>	<u>69</u>	<u>681</u>	<u>799</u>	<u>8,967</u>	<u>9,766</u>
<b>Net Book Value</b>						
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>
At 31st March 1991	<u>987</u>	<u>292</u>	<u>489</u>	<u>1,768</u>	<u>29,872</u>	<u>31,640</u>

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

### Company

	Freehold property £'000	Motor cars £'000	Fixtures & fittings £'000	Company assets £'000	Vehicles on contract hire £'000	Total £'000
<b>Cost</b>						
At 1st April 1991	1,024	386	745	2,155	11,644	13,799
Additions	-	-	277	277	-	277
Disposals	-	(376)	(85)	(461)	(11,644)	(12,105)
At 31st March 1992	<u>1,024</u>	<u>10</u>	<u>937</u>	<u>1,971</u>	<u>-</u>	<u>1,971</u>
<b>Depreciation</b>						
At 1st April 1991	37	96	298	431	2,235	2,666
Charge for the year	12	20	194	226	-	226
Disposals	-	(112)	(75)	(187)	(2,235)	(2,422)
At 31st March 1992	<u>49</u>	<u>4</u>	<u>417</u>	<u>470</u>	<u>-</u>	<u>470</u>
<b>Net Book Value</b>						
At 31st March 1992	<u>975</u>	<u>6</u>	<u>520</u>	<u>1,501</u>	<u>-</u>	<u>1,501</u>
At 31st March 1991	<u>987</u>	<u>290</u>	<u>447</u>	<u>1,724</u>	<u>9,409</u>	<u>11,133</u>

The cost of freehold property includes £547,000 which is depreciable. The disposals of motor cars and vehicles on contract hire were made to the company's subsidiary, Fleettense (UK) Ltd.

# Notes on 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.

# Notes on the accounts – continued

## 10. Debtors Group

	1992		1991	
	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	10,046	7,657	9,295	6,225
Instalment finance agreements	41,737	27,540	38,499	25,637
Investment in finance leases	2,898	4,591	3,569	5,655
	<u>54,681</u>	<u>39,788</u>	<u>51,363</u>	<u>37,517</u>
Amounts owed by fellow Hitachi limited group company	6,044	-	14,092	-
Prepayments and accrued income (note 11)	1,664	-	1,284	-
	<u>62,389</u>	<u>39,788</u>	<u>66,739</u>	<u>37,517</u>

Company	1992		1991	
	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	8,016	5,367	9,295	6,225
Instalment finance agreements	40,647	27,540	37,632	25,637
Investment in finance leases	2,898	4,591	3,569	5,655
	<u>51,561</u>	<u>37,498</u>	<u>50,496</u>	<u>37,517</u>
Amounts owed by fellow Hitachi limited group company	6,044	-	14,092	-
Amounts owed by subsidiary	32,262	-	9,732	-
Prepayments and accrued income (note 11)	1,002	-	1,009	-
	<u>90,869</u>	<u>37,498</u>	<u>75,329</u>	<u>37,517</u>

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Cost of assets acquired for the purpose of letting under finance leases	<u>1,782</u>	<u>5,015</u>	<u>1,782</u>	<u>5,015</u>

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

Investment in hire purchase agreements	688	1,075	688	1,075
Instalment finance agreements	4,124	3,743	4,124	3,743
Investment in finance leases	1,068	1,548	1,068	1,548
	<u>5,880</u>	<u>6,366</u>	<u>5,880</u>	<u>6,366</u>

Aggregate leasing rentals receivable in period	4,471	5,270	4,471	5,270
Aggregate hire purchase rentals receivable in period	<u>5,041</u>	<u>6,256</u>	<u>5,041</u>	<u>6,256</u>



# Notes on the accounts – continued

## 11. Prepayments and accrued income

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Prepayments	657	539	136	264
Accrued income	1,007	745	866	745
	<u>1,664</u>	<u>1,284</u>	<u>1,002</u>	<u>1,009</u>

Accrued income includes an amount of £770,000 (1991: £745,000) relating to the surplus arising on the interest differential on loan stock which is due in more than one year.

## 12. Creditors:

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Bank loans, overdrafts and acceptances	75,319	95,739	74,634	86,523
Accruals	8,036	6,784	2,599	3,756
Corporation tax payable	926	—	926	—
	<u>84,281</u>	<u>102,523</u>	<u>78,159</u>	<u>90,279</u>

## 13. Creditors:

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year				
Debtenture loan stock:				
loan stock	34,178	30,705	34,178	30,705
Sinking fund	(14,561)	(10,881)	(14,561)	(10,881)
	<u>19,617</u>	<u>19,824</u>	<u>19,617</u>	<u>19,824</u>
Yen 2,100,000,000 TOPIX-linked coupon notes due 1994	9,180	9,180	9,180	9,180
Euro medium term notes	21,155	—	21,155	—
	<u>49,952</u>	<u>29,004</u>	<u>49,952</u>	<u>29,004</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 date. 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 Yen 2,100,000,000 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.

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. During the year notes with a par value of US\$45,000,000 were issued. 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. The notes are due for repayment during the year ended 31st March 1995.

# Notes on the accounts – continued

## 14. Provisions for liabilities and charges

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
Deferred taxation:				
Balance as at 1st April 1991	863	613	873	613
On acquisition of subsidiary	-	54	-	-
Credit for year	(665)	196	(633)	260
At 31st March 1992	<u>198</u>	<u>863</u>	<u>240</u>	<u>873</u>
Amount provided:				
Difference between accumulated depreciation and capital allowances	(526)	871	(484)	390
Short term timing differences	724	39	724	530
Losses carried forward	-	(47)	-	(47)
	<u>198</u>	<u>863</u>	<u>240</u>	<u>873</u>

There is no unprovided deferred taxation

## 15. Share capital

	1992 £'000	1991 £'000
Authorised:		
10,000,000 ordinary shares of £1 each (1991: 10,000,000)	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
4,545,694 ordinary shares of £1 each (1991: 4,208,976)	<u>4,546</u>	<u>4,209</u>

During the year there was a capital issue of 336,718 ordinary £1 shares out of retained reserves.

## 16. Profit and loss account

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'000
At 1st April 1991	1,279	1,155	1,400	1,155
Profit for the year	616	586	575	557
Goodwill on acquisition	-	(150)	-	-
Capitalisation of reserves	(337)	(312)	(337)	(312)
At 31st March 1992	<u>1,558</u>	<u>1,279</u>	<u>1,638</u>	<u>1,400</u>
Profit on ordinary activities after taxation:	1992 £,000	1991 £'000		
Dealt with in the accounts of the company	575	557		
Retained by subsidiary	41	29		
	<u>616</u>	<u>586</u>		

# Notes on the accounts – continued

	Group		Company	
	1992 £'000	1991 £'000	1992 £'000	1991 £'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>47</u>	<u>206</u>	<u>47</u>	<u>89</u>
The company has the following commitments under operating leases expiring between two and five years.				
Land & Buildings	111	101	41	31
Other	<u>10</u>	<u>6</u>	<u>10</u>	<u>6</u>
	<u>121</u>	<u>107</u>	<u>51</u>	<u>37</u>

## 18. Contingent liabilities

### Group

In the directors' opinion there were no material contingent liabilities at 31st March 1992 (1991 – 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 1992 is £685,000 (1991: £8,932,000).

## 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 £61,000 (1991: £58,000).

This cost was after a reduction of £16,000 in respect of the amortisation of past overfunding. 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 1991 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.

# Notes on the accounts – continued

## **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-Surugodai 4-Chome,  
Chiyoda-ku,  
Tokyo 101,  
Japan.