

T.I.P. Europe Limited

Directors' report and financial statements

For the year ended 31 December 1999

Registered number 02004028



T.I.P. Europe Limited

Directors' report and financial statements

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T.I.P. Europe Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities and business review

The principal activity of the company is the provision of trailer rental and leasing facilities.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend (1998: *£nil*). The loss for the year of £2,513,000 has been transferred to reserves (1998: *profit £3,848,000*).

Year 2000

The company experienced no adverse effects due to the date change at 1 January 2000 either in its own computer systems or in its relationships with its customers, suppliers and other group entities. The company is aware that not all potentially related problems may have come to light and therefore continues to monitor the situation.

Directors and directors' interests

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

J Andrew	(resigned 31 August 1999)
JT Breedlove	
MO Evans	
HA Riedijk	(resigned 3 December 1999)
RA Smits	(resigned 30 June 1999)
RJ Barnett	
T Bradley	(resigned 10 March 1998)
K Langer	(appointed 30 June 1999, resigned 31 December 1999)
D Lee	(appointed 2 July 1999)
IG Story	(appointed 1 December 1999)
J Bucci	(appointed 1 December 1999)

None of the directors had any disclosable interests in the shares of the company.

Since the company meets the definition in s736(2)(3) of the Companies Act 1985 of a wholly owned subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3 (1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies

T.I.P. Europe Limited

Directors' report *(continued)*

Employees

The group pays close attention to the health and safety of employees, having particular regard to the provisions of the Health and Safety at Work Act 1974.

The group gives sympathetic consideration to applications for employment vacancies from disabled persons. Successful applicants are given appropriate assistance and training and have the same career prospects as other employees. Should employees become disabled during their employment, every assistance will be given to enable them to continue their career.

The group recognises the benefits of keeping employees informed as to the current business performance. Whilst methods of passing information vary from business to business, examples of communication with employees are staff newspapers and review meetings.

Auditors

Pursuant to a shareholders' resolution, dated 25 June 1996, the company is not obliged to re-appoint auditors of the company annually and KPMG Audit Plc will remain in office.

By order of the board



I Story

Director

7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

17/3/2000

T.I.P. Europe Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditors, KPMG Audit Plc, to the members of T.I.P. Europe Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

*Chartered Accountants
Registered Auditor*

St James' Square
Manchester
M2 6DS

22 March 2000

T.I.P. Europe Limited

Profit and loss account

for the year ended 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Turnover	<i>1(b)</i>	81,165	75,416
Cost of sales		(50,916)	(39,430)
		<hr/>	<hr/>
Gross profit		30,249	35,986
Administrative expenses		(25,400)	(22,202)
		<hr/>	<hr/>
Operating profit		4,849	13,784
Interest receivable and similar income	<i>3</i>	5,105	21,574
Interest payable and similar charges	<i>4</i>	(13,954)	(28,510)
		<hr/>	<hr/>
(Loss) / profit on ordinary activities before taxation	<i>5</i>	(4,000)	6,848
Tax on (loss)/profit on ordinary activities	<i>6</i>	1,487	(3,000)
		<hr/>	<hr/>
Retained (loss) / profit for the financial year		(2,513)	3,848
Profit and loss account brought forward		(42,091)	(45,939)
		<hr/>	<hr/>
Profit and loss account carried forward		(44,604)	(42,091)
		<hr/>	<hr/>

There are no recognised gains or losses other than those shown above.

There is no difference between the historical cost profits and the profits disclosed above.

A reconciliation of movements in shareholders' funds is shown in note 15.

T.I.P. Europe Limited

Balance sheet at 31 December 1999

	Note	1999 £000	1998 £000
Fixed assets			
Intangible assets	7	29,472	31,073
Tangible assets	8	254,607	262,380
Investments	9	9,833	9,833
		<u>293,912</u>	<u>303,286</u>
Current assets			
Stocks	10	557	269
Debtors	11	148,474	228,969
Cash at bank and in hand		2,345	6,077
		<u>151,376</u>	<u>235,315</u>
Creditors: amounts falling due within one year	12	(288,351)	(376,590)
Net current liabilities		<u>(136,975)</u>	<u>(141,275)</u>
Total assets less current liabilities		<u>156,937</u>	<u>162,011</u>
Provisions for liabilities and charges	13	(23,431)	(25,992)
		<u>133,506</u>	<u>136,019</u>
Capital and reserves			
Called up share capital	14	34,023	34,023
Share premium		116,627	116,627
Special reserves		27,460	27,460
Profit and loss account		(44,604)	(42,091)
Shareholders' funds	15	<u>133,506</u>	<u>136,019</u>

These financial statements were approved by the board of directors on17/3/2000 and were signed on its behalf by:


I Story

Director

T.I.P. Europe Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

(b) Turnover

Turnover represents the invoiced value excluding VAT of the company's goods and services and arose totally in the United Kingdom.

(c) Tangible fixed assets

Fixed assets are shown at cost.

Depreciation is provided on fixed assets at rates calculated to write off the cost, less an appropriate residual value of up to 25% of the original cost, over their expected useful lives on a straight line basis as follows:

Freehold buildings	-	50 years
Plant and vehicles	-	3 to 15 years

Freehold land is not depreciated.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents purchase price.

(e) Deferred taxation

Deferred taxation is provided to the extent that it is probable that a tax liability will become payable in the foreseeable future.

(f) Pensions costs

The company provides pensions to its directors through a pension scheme and contributes to employees' pension schemes.

(g) Assets for lease

Assets held for use in operating leases are recorded as tangible fixed assets and depreciated as above.

Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

T.I.P. Europe Limited

Notes

(continued)

1. Accounting policies (continued)

(h) Foreign currencies

Foreign currency transactions are converted at the rates ruling at the dates of the transaction and foreign currency assets and liabilities are converted into Sterling at the rates ruling at the balance sheet date, profits and losses being included in the profit and loss account.

(i) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value.

(j) Cash flow statement

Under FRS1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement. Exemption is on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company which are available to the public.

(k) Transactions with related parties

The company, as a wholly owned subsidiary undertaking of General Electric Company, has taken advantage of an exemption contained in FRS 8, "Related Party Disclosure", in preparing its accounts. This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated accounts of General Electric Company in which the company is included are available to the public.

(k) Goodwill

Purchased goodwill arising in respect of acquisitions since 1 January 1999 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of twenty years.

2. Directors' emoluments and staff costs

	1999 £000	1998 £000
Directors' emoluments:		
Directors' emoluments including pension contributions	231	182

The emoluments (excluding pension contributions) of the highest paid director were £140,306 (1998: £91,309). The pension contributions of the highest paid director were £12,417 (1998: £9,332).

The number of directors to whom retirement benefits were accruing is as follows:

	Number of directors	
	1999	1998
Under defined benefit schemes	2	2

T.I.P. Europe Limited

Notes

(continued)

2. Directors' emoluments and staff costs (continued)

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

Number of employees	
1999	1998
256	215

The aggregate payroll costs of these persons were as follows:

	1999 £000	1998 £000
Wages and salaries	5,666	5,015
Social security costs	646	459
Other pensions costs	502	421
	<u>6,814</u>	<u>5,895</u>

3. Interest receivable and similar income

	1999 £000	1998 £000
Interest on bank loans and overdrafts	51	159
Interest from group undertakings	5,038	21,414
Other interest	16	1
	<u>5,105</u>	<u>21,574</u>

4. Interest payable and similar charges

	1999 £000	1998 £000
Interest on bank loans and overdrafts	96	20
Interest to group undertakings	13,679	27,999
Lease interest due to group undertakings	176	462
Other interest	3	29
	<u>13,954</u>	<u>28,510</u>

T.I.P. Europe Limited

Notes

(continued)

5. (Loss) / profit on ordinary activities before taxation

	1999 £000	1998 £000
(Loss) / profit on ordinary activities before taxation is stated after charging:		
Remuneration of auditors and their associates	41	36
Depreciation	26,485	22,633
	<hr/>	<hr/>

The auditors' remuneration is paid by a fellow group company.

6. Tax (credit)/charge on (loss)/profit on ordinary activities

	1999 £000	1998 £000
Current period:		
Deferred tax	11	3,098
Adjustments relating to an earlier year:		
Corporation tax	1,074	(98)
Deferred tax	(2,572)	-
	<hr/>	<hr/>
	(1,487)	3,000
	<hr/>	<hr/>

7. Intangible Assets

	1999 £000
Positive Goodwill	
Cost:	
At beginning and end of the year	32,006
	<hr/>
Provisions for amortisation and impairment:	
At beginning of the year	933
Amortisation charged in the year	1,601
	<hr/>
At the end of the year	2,534
	<hr/>
Net Book Value	
At 31 December 1999	29,472
	<hr/>
At 31 December 1998	31,073
	<hr/>

Goodwill in respect of the acquisition of the assets and liabilities of Central Trailer Rentco Ltd is amortised over twenty years. The directors consider each acquisition separately for the purpose of determining the amortisation period.

T.I.P. Europe Limited

Notes

(continued)

8. Tangible fixed assets

	Freehold property £000	Plant, machinery and motor vehicles £000	Assets for lease £000	Total £000
Cost				
At 1 January 1999	9,734	2,064	389,477	401,275
Additions	1,214	54	32,586	33,854
Disposals	-	-	(18,313)	(18,313)
Intragroup transfers	-	-	(4,657)	(4,657)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	10,948	2,118	399,093	412,159
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 1999	2,707	1,379	134,809	138,895
Charge for year	509	259	25,717	26,485
Disposals	-	-	(7,340)	(7,340)
Intragroup transfers	-	-	(488)	(488)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	3,216	1,638	152,698	157,552
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	7,732	480	246,395	254,607
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	7,027	685	254,668	262,380
	<hr/>	<hr/>	<hr/>	<hr/>

T.I.P. Europe Limited

Notes

(continued)

9. Fixed asset investments

Cost or valuation

At 1 January and 31 December 1999

£000

9,833

The company's principal subsidiaries are listed below. They are wholly owned with the exception of the companies noted otherwise and are incorporated, registered and principally operate in the countries as shown except for those operating in the United Kingdom which are registered in England and Wales. The shares in the companies marked with an asterisk (*) are held directly by T.I.P. Europe Limited.

Company	Country	Principal activities
Trailer Rental		
T.I.P. Trailer Rental*	United Kingdom	Trailer rental
Grand Transport BV	Netherlands	Trailer rental
Grand Transport GmbH	Germany	Trailer rental
Grand Transport Aps	Denmark	Trailer rental
Grand Transport NV	Belgium	Trailer rental
Corporate		
T.I.P. Finance Limited*	United Kingdom	Financial Services
TIP Overseas Holdings Limited*	United Kingdom	Dormant Holding company
Grand Transport Systems Limited*	United Kingdom	Holding company
GT Systems Limited	United Kingdom	Management company
General Leasing		
Key Leasing Limited*	United Kingdom	Arrangement of lease packages

In the opinion of the directors, the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

A full list of subsidiaries will be attached to the next Annual Return filed with the Registrar of Companies.

T.I.P. Europe Limited

Notes

(continued)

10. Stocks

	1999 £000	1998 £000
Trailers for resale	557	269

11. Debtors

	1999 £000	1998 £000
Trade debtors	19,701	25,293
Net investment in finance leases	6	78
Other debtors, prepayments and accrued income	5,066	7,459
Amounts due from group undertakings	123,701	196,139
	<u>148,474</u>	<u>228,969</u>

Amounts falling due after more than one year included above are:

	1999 £000	1998 £000
Other debtors	2,243	580
	<u>2,243</u>	<u>580</u>

12. Creditors: amounts falling due within one year

	1999 £000	1998 £000
Bank loans and overdrafts	653	8,576
Finance lease & HP obligations	5,111	11,095
Trade creditors	1,747	15,532
Amounts due to group undertakings	276,225	338,790
Other taxation and social security	223	195
Accruals and deferred income	4,212	2,226
Other creditors	180	176
	<u>288,351</u>	<u>376,590</u>

T.I.P. Europe Limited

Notes

(continued)

13. Provisions for liabilities and charges

	Deferred taxation £000
At 1 January 1999	25,992
Charge for the year	(2,561)
At 31 December 1999	23,431

The amounts provided for deferred taxation are set out below:

	1999 £000	1998 £000
Difference between accumulated depreciation and capital allowances	24,863	27,012
Future benefit of tax losses	(1,542)	(1,594)
Other timing differences	110	574
	23,431	25,992

The amount provided is the full potential liability.

14. Called up share capital

	1999 £000	1998 £000
<i>Authorised</i>		
745,900,000 (1998: 745,900,000) ordinary shares of 5p each	37,295	37,295
<i>Allotted and fully paid shares</i>		
680,465,844 (1998: 680,465,844) ordinary shares of 5p each	34,023	34,023

15. Reconciliation of movements in shareholders funds

	Share capital £000	Share premium £000	Special Reserves £000	Profit and loss account £000	Total £000
At 1 January 1998	8,478	91,082	27,460	(45,939)	81,081
Share Issue	25,545	25,545	-	-	51,090
Retained profit for the year	-	-	-	3,848	3,848
At 1 January 1999	34,023	116,627	27,460	(42,091)	136,019
Retained loss for the year	-	-	-	(2,513)	(2,513)
At 31 December 1999	34,023	116,627	27,460	(44,604)	133,506

T.I.P. Europe Limited

Notes

(continued)

16. Commitments

- (i) At 31 December 1999 the company had made no commitments to purchase fixed assets (1998: £14,378,000).
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1999		1998	
	Land and buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	113	58	36	51
Within two to five years	321	224	400	242
After five years	1,181	-	659	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,615	282	1,095	293
	<hr/>	<hr/>	<hr/>	<hr/>

17. Future repurchase commitments

As part of its trade the company has commitments to repurchase commercial vehicles at prices originally estimated to be not less than realisable value at the time of repurchase. Where necessary a provision has been made to the extent that such commitments are not estimated to exceed realisable value. At 31 December 1998 the maturity and maximum amount of these commitments is as follows:

	1999 £000	1998 £000
Within one year	127	297
Within two to five years	31	158
	<hr/>	<hr/>
	158	455
	<hr/>	<hr/>

18. Pension scheme

The group participates in a number of pension schemes of the defined benefit type and the assets of the schemes are held in separate trustee administered funds. In the directors' opinion no individual scheme is significant.

Details of the group's pension schemes are available in the accounts of the holding company, IGE USA Investments.

T.I.P. Europe Limited

Notes

(continued)

19. Ultimate parent company

The company's immediate holding company is GE Capital Corporation Limited, a company incorporated and registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by IGE USA Investments registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 3rd Floor, 1 Trevelyan Square, Boar Lane, Leeds LS1 6HP.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent company, General Electric Company, incorporated in the United States of America. The accounts of this company are available to the public and may be obtained from General Electric Company, 3135 Easton Turnpike, Fairfield, Connecticut 06431, USA.