

T.I.P. Europe Limited

Directors' report and financial statements

For the year ended 31 December 1996

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 1996.

Principal activities and business review

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

On 29 December 1995 T.I.P. Europe Limited bought the net assets of T.I.P. Trailer Rental. T.I.P. Trailer Rental is a subsidiary company of T.I.P. Europe Limited.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend (1995: *£nil*). The profit for the period of £8,100,000 has been transferred to reserves (1995: *loss of £56,518,000 transferred from reserves*).

Directors and directors' interests

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

J Andrew	
R M Agans	(USA)
J T Breedlove	(USA)
B S DeSantis	(Netherlands)
M O Evans	
G R Tappert	
J van Leenen	(appointed 26 September 1996)
H A Riedijk	(appointed 25 September 1996)

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

Charitable and political donations

During the period the company made no charitable or political donations (1995: *£nil*).

T.I.P. Europe Limited

Directors' report *(continued)*

Auditors

On 28 February 1997, KPMG Audit Plc was appointed auditor of the company by the directors to fill a casual vacancy, replacing KPMG. 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



M O Evans
Director

15th Floor
Moor House
119 London Wall
London
EC2Y 5ET

18 September 1997

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

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

St James' Square
Manchester
M2 6DS

24 September 1997

T.I.P. Europe Limited

Profit and loss account

for the year ended 31 December 1996

	<i>Note</i>	1996 £000	1995 £000
Turnover	<i>1(b)</i>	57,808	-
Cost of sales		(30,210)	-
		<hr/>	<hr/>
Gross profit		27,598	-
Administrative expenses		(16,645)	(6,984)
		<hr/>	<hr/>
Operating profit/(loss)		10,953	(6,984)
Interest receivable and similar income	<i>3</i>	3,404	2,662
Interest payable and similar charges	<i>4</i>	(7,654)	(111)
Write down of fixed asset investments		-	(49,710)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	<i>5</i>	6,703	(54,143)
Tax on profit/(loss) on ordinary activities	<i>6</i>	1,397	(2,375)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year		8,100	(56,518)
Profit and loss account brought forward		(55,487)	1,031
		<hr/>	<hr/>
Profit and loss account carried forward		(47,387)	(55,487)
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit for the year and the loss for the previous period.

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

A reconciliation of movements in shareholders' funds is shown in note 14.

T.I.P. Europe Limited

Balance sheet

at 31 December 1996

	Note	1996 £000	1995 £000
Fixed assets			
Tangible assets	7	172,857	126,583
Investments	8	9,833	10,247
		<hr/>	<hr/>
		182,690	136,830
Current assets			
Stocks	9	1,716	3,703
Debtors	10	123,759	59,622
Cash at bank and in hand		1,027	2,548
		<hr/>	<hr/>
		126,502	65,873
Creditors: amounts falling due within one year	11	(212,554)	(112,768)
		<hr/>	<hr/>
Net current liabilities		(86,052)	(46,895)
		<hr/>	<hr/>
Total assets less current liabilities		96,638	89,935
Provisions for liabilities and charges	12	(17,005)	(18,402)
		<hr/>	<hr/>
		79,633	71,533
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	8,478	8,478
Share premium		91,082	91,082
Special reserves		27,460	27,460
Profit and loss account		(47,387)	(55,487)
		<hr/>	<hr/>
Shareholders' funds	14	79,633	71,533
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18.9.1997 and were signed on its behalf by:



M O Evans
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.

T.I.P. Europe Limited

Notes

(continued)

1. Accounting policies (continued)

(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.

(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

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

(j) Cash flow statement

Under FRS1 (Revised 1996) which the company has adopted, it 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.

2. Directors' emoluments and staff costs

	1996 £000	1995 £000
Directors' emoluments:		
Directors' emoluments including pension contributions	209	-

The emoluments (excluding pension contributions) of the highest paid director were £122,447 (1995: £nil). The remuneration of the directors was charged to TIP Trailer Rental in 1995.

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

	Number of directors	
	1996	1995
£0 - £5,000	6	-
£60,001 - £65,000	1	-
£120,001 - £125,000	1	-

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 analysed by category was as follows:

	Number of employees	
	1996	1995
Operations	146	-
Administration	19	-
	<hr/>	<hr/>
	165	-
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996	1995
	£000	£000
Wages and salaries	3,334	-
Social security costs	346	-
Other pensions costs	332	-
	<hr/>	<hr/>
	4,012	-
	<hr/>	<hr/>

3. Interest receivable and similar income

	1996	1995
	£000	£000
Interest on bank loans and overdrafts	-	5
Interest from group undertakings	3,404	2,645
Other interest	-	12
	<hr/>	<hr/>
	3,404	2,662
	<hr/>	<hr/>

4. Interest payable and similar charges

	1996	1995
	£000	£000
Interest to group undertakings	7,654	111
	<hr/>	<hr/>

T.I.P. Europe Limited

Notes

(continued)

5. Profit/(loss) on ordinary activities before taxation

	1996 £000	1995 £000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Remuneration of auditors and their associates:		
Audit	30	-
Other services	5	-
Depreciation	16,668	9
	<hr/>	<hr/>

The auditors remuneration is paid by a fellow group company.

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

	1996 £000	1995 £000
Current period:		
Deferred tax	5,070	3,091
Adjustments relating to an earlier year:		
Deferred tax	(6,467)	(716)
	<hr/>	<hr/>
	(1,397)	2,375
	<hr/>	<hr/>

T.I.P. Europe Limited

Notes

(continued)

7. Tangible fixed assets

	Freehold property £000	Plant, machinery and motor vehicles £000	Assets for lease £000	Total £000
<i>Cost</i>				
At 1 January 1996	4,222	1,274	174,107	179,603
Additions	1,180	357	70,363	71,900
Disposals	-	(6)	(21,491)	(21,497)
Intragroup transfers	-	-	(9,805)	(9,805)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	5,402	1,625	213,174	220,201
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At 1 January 1996	1,226	866	50,928	53,020
Charge for year	200	124	16,344	16,668
Disposals	-	(3)	(12,571)	(12,574)
Intragroup transfers	-	-	(9,770)	(9,770)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	1,426	987	44,931	47,344
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1996	3,976	638	168,243	172,857
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1996	2,996	408	123,179	126,583
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes £nil in respect of trailers (assets for lease) held under finance leases (1995: £16,747,450). No depreciation was charged in respect of trailers (assets for lease) held under finance leases (1995: £nil).

T.I.P. Europe Limited

Notes

(continued)

8. Fixed asset investments

	£000
<i>Cost or valuation</i>	
At 1 January 1996	10,247
Liquidation of Knot Trailer Hire Limited	(414)
	<hr/>
At 31 December 1996	9,833
	<hr/>

One of the company's subsidiary undertakings, Knot Trailer Hire Limited, was liquidated during the year. On liquidation, the cost of investment in Knot Trailer Hire of £413,000 was off-set against an intercompany balance due to that company. Consequently this event did not have any effect on the profit and loss account.

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* (formerly Grand Transport Systems Plc)	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)

9. Stocks

	1996 £000	1995 £000
Trailers for resale	1,716	3,703

10. Debtors

	1996 £000	1995 £000
Trade debtors	13,263	11,746
Net investment in finance leases	696	-
Other debtors	1,745	6,246
Amounts due from group undertakings	106,770	39,821
Prepayments and accrued income	1,285	1,809
	<u>123,759</u>	<u>59,622</u>

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

	1996 £000	1995 £000
Net investment in finance leases	298	-
Other debtors	632	-
	<u>930</u>	<u>-</u>

11. Creditors: amounts falling due within one year

	1996 £000	1995 £000
Bank loans and overdrafts	-	655
Trade creditors	1,500	2,734
Amounts due to group undertakings	207,491	104,857
Other taxation and social security	121	4
Accruals and deferred income	1,231	4,518
Other creditors	2,211	-
	<u>212,554</u>	<u>112,768</u>

T.I.P. Europe Limited

Notes

(continued)

12. Provisions for liabilities and charges

	Deferred taxation £000
At 1 January 1996	18,402
Credit for the year	(1,397)
	<hr/>
At 31 December 1996	17,005
	<hr/>

The amounts provided for deferred taxation are set out below:

	1996 £000	1995 £000
Difference between accumulated depreciation and capital allowances	22,010	16,810
Future benefit of tax losses	(1,303)	-
Other timing differences	(3,702)	1,592
	<hr/>	<hr/>
	17,005	18,402
	<hr/>	<hr/>

The amount provided is the full potential liability.

13. Called up share capital

	1996 £000	1995 £000
<i>Authorised</i>		
235,000,000 ordinary shares of 5p each	11,750	11,750
	<hr/>	<hr/>
<i>Allotted and fully paid</i>		
169,565,844 ordinary shares of 5p each	8,478	8,478
	<hr/>	<hr/>

14. 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 1995	8,478	91,082	27,460	1,031	128,051
Retained loss for the year	-	-	-	(56,518)	(56,518)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1996	8,478	91,082	27,460	(55,487)	71,533
Retained profit for the year	-	-	-	8,100	8,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	8,478	91,082	27,460	(47,387)	79,633
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

T.I.P. Europe Limited

Notes

(continued)

15. Commitments

- (i) At 31 December 1996 the company had made commitments to purchase fixed assets to a value of £3,000,000 (1995: £16,500,000).
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1996		1995	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	64	185	106	1,071
Within two to five years	188	124	457	1,817
After five years	316	-	319	-
	<hr/>	<hr/>	<hr/>	<hr/>
	568	309	882	2,888
	<hr/>	<hr/>	<hr/>	<hr/>

16. 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 1996 the maturity and maximum amount of these commitments is as follows:

	1996 £000	1995 £000
Within one year	100	371
Within two to five years	1,350	1,604
After five years	150	39
	<hr/>	<hr/>
	1,600	2,014
	<hr/>	<hr/>

17. 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)

18. 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 3 Shortlands, Hammersmith, London, W6 8BX.

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.