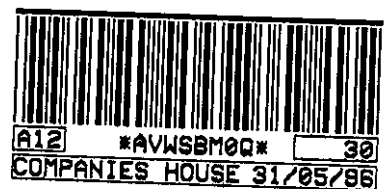


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**TLS** Plc



REPORT AND ACCOUNTS 1995



## COMPANY PROFILE

TLS is a leading vehicle rental company providing cars and commercial vehicles for short term and contract hire to a wide range of users in the commercial, industrial, public and private sectors.

The aim of TLS is:

to become a national company through being the preferred regional supplier of rental and contract hire vehicles.

**TLS** Vehicle Rental

THE RIGHT PEOPLE • THE RIGHT VEHICLE • THE RIGHT PRICE

## COMPANY UNIFORM



Members of staff wearing the company's new uniform introduced in 1996

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## COMPANY INFORMATION

### DIRECTORS

R D Yeomans - Chairman (Non-executive)  
P A Roberts - Chief executive  
C J Miller - Commercial director  
J D Conway - Development director  
P S Busby FCA - Finance director

### SECRETARY AND REGISTERED OFFICE

J W Stewart FCA  
82 Church Street  
Eccles  
Manchester M30 0DA  
Telephone: 0161 787 7978  
Fax: 0161 787 7413

### STOCKBROKERS AND FINANCIAL ADVISERS

Albert E Sharp  
Temple Court  
35 Bull Street  
Birmingham B4 6ES

### TAXATION ADVISERS

Grant Thornton  
Chartered Accountants  
Heron House  
Albert Square  
Manchester M2 5HD

### LEGAL ADVISERS

Halliwell Landau  
St. James's Court  
Brown Street  
Manchester M2 2JF

Cooper Sons, Hartley & Williams  
Woolwich House  
61 Mosley Street  
Manchester M2 3HZ

David C. Clapham  
79 West Regent Street  
Glasgow G2 2AW

### AUDITORS

Binder Hamlyn  
Chartered Accountants  
Bank House  
9 Charlotte Street  
Manchester M1 4EU

### BANKERS

The Royal Bank of Scotland plc  
Manchester Corporate Centre  
PO Box 356  
38 Mosley Street  
Manchester M60 2BE

### REGISTRARS

C.I. Registrars Limited  
PO Box 30  
Victoria Street  
Luton  
Bedfordshire LU1 2PZ  
Telephone: 01582 405333

## FIVE YEAR SUMMARY

	1991 £'000	1992 £'000	1993 £'000	1994 £'000	1995 £'000
Turnover	9,970	9,790	11,626	25,364	40,546
Operating profit	1,166	740	730	3,146	6,689
Net finance charges	1,425	930	521	1,434	2,538
Profit (loss) before taxation	(259)	(190)	209	1,712	4,151
Vehicles out on hire	11,988	9,087	16,365	30,305	42,212
Property and equipment	1,630	1,379	1,727	1,882	2,020
Working capital	13,618	10,466	18,092	32,187	44,232
	1,008	1,466	1,340	(1,863)	(2,735)
Capital employed	14,626	11,932	19,432	30,324	41,497
Less: net borrowings	9,625	6,460	11,163	21,166	25,154
Less: deferred taxation	62	62	367	505	386
Equity shareholders' funds	4,939	5,410	7,902	8,653	15,957
Operating profit/average capital employed %	8.1	5.6	5.7	14.3	18.6
Operating profit/turnover %	11.7	7.6	6.3	12.4	16.5
Profit (loss) before tax/turnover %	(2.6)	(1.9)	1.8	6.7	10.2
Operating profit/finance charges (times)	0.8	0.8	1.4	2.2	2.6
Net borrowings/shareholders funds (times)	1.9	1.2	1.4	2.4	1.6
Net assets per share (pence)	29.2	23.9	21.9	24.0	35.4
Number of vehicles in the fleet as at 31 December	1,934	1,738	3,056	4,370	6,079

## SHAREHOLDERS' INFORMATION

### RELEVANT DATES

Interim announcement	7 September 1995	Interim dividend	13 October 1995
Preliminary announcement	27 March 1996	Final dividend:	
Report and accounts posted	26 April 1996	Record date	17 April 1996
Annual general meeting	22 May 1996	Payment date	24 May 1996



David Yeomans  
Non-executive chairman

## INTRODUCTION

The group continued to make excellent progress in the second half of the financial year following the announcement of record Interim figures on 7 September 1995. The continued strong performance has given the board assurance to recommend a final dividend of 1.85p per share making a total of 2.7p per share for the year, an increase of 80%.

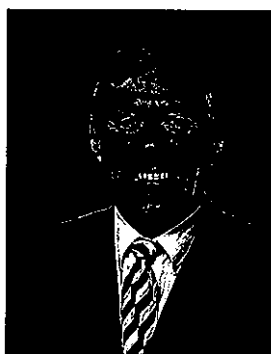
Net borrowings, which principally relate to vehicles, were at a very satisfactory level at the year end of 158% (1994: 245%), allowing the group considerable scope to expand the hire fleet. Cash at bank, including the balance of the Placing and Open Offer monies was £6.3m at the year end (1994: £3.8m).

In 1994 we refined the way in which we accounted for vehicle rebates. We have continued this policy throughout 1995 which has resulted in deferred income increasing to £4.8m at the year end (1994: £2.6m).

In 1995 we sold 2,120 used vehicles for £15.4m at a profit of £0.6m, evidencing our conservative vehicle fleet provisions policy.

During the year we continued to pursue our policy of opening 'greenfield' branches. Leeds and Stirling are two such examples; Leeds branch, which opened in November 1995, has already achieved 260 vehicles on rent and will progress further with the fleet budgeted to exceed 500 vehicles in the current year. Other suitable 'greenfield' development sites have already been identified. Additionally we continue to assess acquisition opportunities but the board is determined not to make excessive payments for goodwill in respect of expensive businesses.

Our first branch in the South East will officially open in London in April 1996 to support and develop existing and new customers in the area. We already operate vehicles within the M25, managed from Stroud and Birmingham. The new branch will improve service levels and show continued commitment to new and existing customers whilst reducing support costs. The management team is in place and our marketing campaign has already begun.



Peter A Roberts  
Chief executive

## RESULTS

I am delighted to report another very successful year with record pre-tax profits of £4.15m (1994: £1.71m).

- Turnover increased to £40.5m, up 60%
- Operating profits increased 113% to £6.7m
- Interest cover improved to 2.6 times (1994: 2.2 times)
- Dividend cover was 2.6 times (1994: 2.4 times)
- Earnings per share was 7.9p up 119% (1994: 3.6p)

## DIVIDENDS

A final dividend of 1.85p per share is recommended, giving a total for the year of 2.7p per share (1994: 1.5p), an increase of 80%.

## CHAIRMAN'S STATEMENT



Clive Miller  
Commercial director



Jim Conway  
Development director



Peter S Busby  
Finance director

### REVIEW OF ACTIVITIES

The group performed strongly during the year with all regions increasing fleet sizes, maintaining or increasing utilisation rates and improving contribution levels.

The short term hire fleet grew 58% to reach 5,119 vehicles at the year end. Some exceptional regional fleet growth was achieved, Southern with growth of 70% to 863 vehicles, the West Midlands 165% to 662 vehicles and the North West 49% to 1,887 vehicles.

The group's emphasis on training and development programmes has been extended to all employees and the company is benefiting from the team spirit and commitment that training engenders. Our first trainee managers, taken on three years ago, are now moving into management positions.

Our contract hire operation has been restructured with new management and sales teams. Contract hire sales personnel will be introduced into all of our regions this year and we plan to grow this part of our business over the next three years.

The average number of short term hire vehicles on rent during the year increased to 3,637 (1994: 2,004). Average utilisation rates of this fleet for the 12 months were very satisfactory with cars at 85.6% (1994: 85.4%) and commercials at 87.4% (1994: 87.9%) against a background of an increase in the average short term hire fleet of 71.0% to 4,184 units (1994: 2,447).

The total hire fleet increased to 6,079 (1994: 4,370).

The strong, new, **TLS Vehicle Rental** livery which is already synonymous with a young, well presented, quality vehicle fleet is seen with increasing frequency on the roads of the U.K. and more importantly is being recognised by an ever growing number of new customers. The benefits of operating such a fleet are illustrated by high rates of utilisation, customer satisfaction and minimal maintenance costs. It also sets TLS apart from our competitors in delivering a quality, value for money service.

Following the successful change in corporate livery, **TLS Vehicle Rental** have introduced company uniforms for all of our customer contact staff, including our quality controllers and delivery/collection drivers. In addition all workshop staff are supplied with corporate workwear. During the course of 1996 we will also re-sign all of our branches in line with our new livery.

Over the last few years the board has ensured that TLS has been positioned strongly to minimise the possible negative effects on key issues such as residual values, utilisation rates, manufacturers' rebates and vehicle provisions. To clarify our position with regard to these issues to our shareholders I explain below how we have specifically addressed these areas that have affected some companies within our industry.

**Residual values:** In 1992 the board took the decision to minimise the group's exposure to uncertain future residual values, particularly in respect of cars and trucks. As a result, we now acquire approximately 80% of our daily rental cars and nearly all of our trucks on operating leases where the



## CHAIRMAN'S STATEMENT



group's only liability is for the fixed monthly rental costs for the period of the agreement. The residual values of these vehicles are agreed between the supplier or manufacturer and the financier, entirely at the third parties' risk. This arrangement has proven to be very effective for the group and remains attractive to the suppliers or manufacturers as they then have a determined future flow of quality used vehicles to retail.

**Utilisation:** We continue to acquire a large proportion of our cars and trucks on short term operating leases (5-24 months). As these are mature programmes, vehicles are being taken off the hire fleet to be returned each week. They thus provide the group with complete flexibility to adjust, not only the overall size of the hire fleet, but also the model mix,

to enable us to respond immediately to changes in demand without affecting holding costs. The result is that we are able to maintain high levels of utilisation for all types of vehicles through the year.

**Rebates:** Manufacturers' volume related rebates, mainly in respect of cars and light commercial vehicles (LCVs), have been available to the daily rental industry for very many years. These rebates are given to encourage rental operators to buy and therefore expose that particular manufacturer's products to potential retail customers. They are effectively an advertising or demonstration support. Arguably, any change in the rate of support available would affect the whole of the daily rental industry and cause hire rates to increase. Unlike some of our competitors, TLS' rebates are credited to the profit and loss account over the period for which the related vehicles are expected to be held.

**Vehicle provisions:** TLS' vehicle provisions policy is to write down each vehicle to its estimated or guaranteed residual value at the anticipated date of sale. Vehicles are only held in the hire fleet for short periods, cars for five or six months, LCVs an average of 18 months, and trucks generally for up to 24 months. Where vehicles are owned by the company, this policy results in an annual provision rate for cars of 60%, with LCVs and trucks being written off to £nil in less than four years.

### MANAGEMENT

With the growth in the business coupled with the need to ensure management development and succession, we have appointed an executive management board effective from 1 January 1996. This board comprises eight of our senior regional, operational and functional managers.

### PROSPECTS

The year has started well. We are ahead of budget in terms of fleet size and financial performance for the first two months of the year. We continue to see and experience a growing demand for our services and we can look forward to a third year of good progress.

Since the year end the total hire fleet has increased by a further 677 vehicles to 6,756 (Dec 1994: 4,370). Utilisation rates remain high.

The results of the group are a direct reflection of the commitment, skill and vigour of all members of the company. We have a strong balance sheet which, harnessed together with our accomplished workforce, places the company in a very good position to increase further our market penetration during 1996.



John Stewart, Secretary



Francis Lee, Chairman of Manchester City FC taking delivery of a new Toyota Power Van

David Yeomans  
27 March 1996



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' report set out below is made with a view to explaining to shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss of the group for the financial year.

The directors consider that in preparing the accounts on pages 12 to 25, the company has used appropriate accounting policies, consistently applied on a going concern basis and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

As explained in their report it is the responsibility of our auditors to form an independent opinion on the accounts.

## REPORT OF THE AUDITORS ON THE ACCOUNTS

### To the members of TLS Plc

We have audited the accounts on pages 12 to 25 which have been prepared on the basis of the accounting policies set out on page 17.

#### Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BINDER HAMLYN**  
Chartered Accountants  
Registered Auditors

*Binder Hamlyn*

Bank House  
9 Charlotte Street  
Manchester M1 4EU  
27 March 1996

# REPORT OF THE DIRECTORS

## INTRODUCTION

The directors have approved this report. The audited accounts of the company for the year ended 31 December 1995 will be laid before the shareholders at the annual general meeting to be held on 22 May 1996.

## CHANGE OF NAME

On 13 June 1995 the company changed its name to TLS Plc.

## PRINCIPAL ACTIVITIES

The group is engaged in short term and contract hire of cars, commercial and specialised civil engineering vehicles. A review of the group's operations for the year is given in the chairman's statement on pages 4 to 6.

## DIVIDENDS AND TRANSFER TO RESERVES

An interim dividend of 0.85p per share was paid in October 1995. The directors recommend a final dividend of 1.85p per share. These dividends absorb £1,143,000 and £1,884,000 has been transferred to reserves.

## CHANGES IN THE VEHICLE FLEET

Fleet additions amounted to £37.8m. Disposal proceeds amounted to £15.4m. The number of vehicles at the end of the year was 6,079 (1994 – 4,370).

## CHANGES IN FIXED ASSETS

The changes to fixed assets are summarised in notes 11, 12 and 13 on pages 20, 21 and 22. In the opinion of the directors there is no significant difference between the market value of the group's interests in land at 31 December 1995 and the amount at which they are included in the group's balance sheet.

## SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

There are four items of special business to be proposed at the annual general meeting. A brief description of each of these proposals is given on page 29.

## BOARD OF DIRECTORS

The names of the present members of the board are set out on page 2. They were the directors who served throughout the financial year. Mr B A Denvir ceased to be a director on 13 March 1995.

The chairman, Mr R D Yeomans, aged 53 is a non-executive director. He is operations director and chief executive designate of Milk Marque.

## SUBSTANTIAL SHAREHOLDERS (OTHER THAN DIRECTORS)

As at 27 March 1996 the company was aware, so far as it could be, of the following interests (as defined in section 199 of the Companies Act 1985) which:

- (a) being material interests represent more than 3% of the nominal share capital; or
- (b) not being material interests represent more than 10% of the nominal share capital.

	Number of shares	Percentage of issued share capital
Friends' Provident group	7,527,743	16.69
Tameside MBC	1,950,446	4.32

## REPORT OF THE DIRECTORS

### SIGNIFICANT CONTRACTS

There were no contracts of significance during the year in which a director of the company is or was materially interested.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the company has maintained indemnity insurance for its directors and officers against liabilities which could arise in the discharge of their duties.

### STOCK EXCHANGE STATUS

On 4 May 1995 the company's shares were admitted to the Official List of the London Stock Exchange.

### AUDITORS

A resolution to re-appoint Binder Hamlyn as auditors will be submitted to the annual general meeting.

82 Church Street  
Eccles  
Manchester M30 0DA

27 March 1996

Signed on behalf  
of the board



**J W Stewart**  
Secretary

## REPORT OF THE REMUNERATION COMMITTEE

The company's policy on the remuneration of executive directors is that there should be an identifiable differential between the amount paid to the chief executive and the other executive directors. The remuneration of the executive directors is based on the 1994/1995 Directors Rewards Survey carried out by the Institute of Directors.

Full details of the remuneration of individual directors and information on their share options are set out in notes 4 and 5 to the accounts on pages 18 and 19.

Each of the directors has entered into a service contract with the company subject to twelve months notice of termination by the director and eighteen months notice of termination by the company except for Mr J D Conway whose contract is subject to twelve months notice by either party.

The directors consider a twelve month notice period by the company to be too short to recruit and retain directors of the right calibre.

Mr R D Yeomans is the director who is proposed for re-election at the forthcoming annual general meeting.

82 Church Street  
Eccles  
Manchester M30 0DA

27 March 1996

Signed on behalf  
of the committee

**R D Yeomans**  
Chairman

# CORPORATE GOVERNANCE

## STATEMENT OF COMPLIANCE

During the year ended 31 December 1995 the company has complied with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance ("the Code"), except for the matters referred to below.

## COMPLIANCE EXCEPTIONS

The Code requires that there should be at least three non-executive directors. Currently the board comprises a non-executive chairman, a chief executive and three other executive directors. The executive directors are drawn from different disciplines within the group so as to provide both balanced management and critical assessment of the group's activities, whilst ensuring that no one director can unduly influence decisions or group policy.

The board considers that given the size and nature of the company's present business, the existing flexibility and control of the company by the board should be maintained. The board also considers that it is not in the interests of shareholders to appoint additional non-executive directors for the sole purpose of compliance with the Code at this stage in the company's development.

On 26 April 1995 the company established a remuneration committee consisting of the chairman, the chief executive, an external consultant and the company's personnel manager.

Also on 26 April 1995 the company established an audit committee consisting of the chairman, the two executive directors least concerned with financial control and the company's internal auditor.

Because the company has only one non-executive director (the chairman) neither of these committees include the requisite number of non-executive directors required by the Code.

## GOING CONCERN

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

## INTERNAL FINANCIAL CONTROL

The directors are responsible for ensuring that the company maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. There are inherent limitations in any system of internal financial control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The key features of the internal financial control system that operated throughout the period covered by the accounts are described below.

### Control environment

There is a clearly defined organisational structure within which individual responsibilities are identified and can be monitored. All branches operate to laid down procedures and are required to comply with them. The executive directors meet twice a month to review and administer control over all operational matters relating to the company.

### Identification and evaluation of business risks and control objectives

The board has the primary responsibility for identifying the major business risks facing the company and developing appropriate policies to manage those risks. The risk management approach is used to focus the work of the internal audit function on the company's most significant areas of risk.

### Information systems

There is a comprehensive budgeting system in place with an annual budget approved by the board. Management information systems provide directors at least monthly with relevant and timely reports that identify significant deviations from approved plans and include regular reforecasts for the year.

## CORPORATE GOVERNANCE

### Main control procedures

The company has identified a number of key areas which are subject to regular reporting procedures. These procedures include, for example, the carrying out of a fleet audit twice a year which confirms the existence of every vehicle in the fleet without exception and the monitoring of the effectiveness of the company's computer systems.

### Monitoring

The company has established an internal audit function which carries out reviews of its business and control procedures in operation on a regular basis having due regard to the key issues and business and financial risks identified. Formal reports are prepared of all such reviews and presented to the audit committee, which meets at least three times a year.

## REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

### To the members of TLS Plc

In addition to our audit of the accounts, we have reviewed the directors' statements on pages 10 and 11 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company and group to continue in operational existence for the foreseeable future.

### Opinion

With respect to the directors' statements on internal financial control on pages 10 and 11 and going concern on page 10, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statements on pages 10 and 11 appropriately reflect the company's compliance with the other paragraphs of the Code specified for our review.

*Binder Hamlyn*

**BINDER HAMLYN**  
Chartered Accountants  
Registered Auditors

Bank House  
9 Charlotte Street  
Manchester M1 4EU  
27 March 1996

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	1995 £'000	1994 £'000
<b>TURNOVER</b>	2	<b>40,546</b>	25,364
Cost of sales		<b>30,015</b>	18,909
<b>GROSS PROFIT</b>		<b>10,531</b>	6,455
Administrative expenses		<b>3,842</b>	3,309
<b>OPERATING PROFIT</b>	3	<b>6,689</b>	3,146
Other income		—	14
Interest receivable		<b>321</b>	11
Interest payable	8	<b>2,859</b>	1,459
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>4,151</b>	1,712
Taxation	9	<b>1,124</b>	416
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>3,027</b>	1,296
<b>DIVIDENDS</b>	10	<b>1,143</b>	540
<b>TRANSFER TO RESERVES</b>	22	<b>1,884</b>	756
<b>EARNINGS PER 5p SHARE</b>		<b>7.9p</b>	3.6p

The earnings per 5p share have been calculated using the profit on ordinary activities after taxation and on the weighted average number of shares in issue during the year of 38,312,545 (1994 – 36,087,946).

The above results derive from continuing activities.

Movements in equity shareholders' funds are given in note 23, on page 25.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in the financial year other than the profit for the period.

# CONSOLIDATED BALANCE SHEET

as at 31 December 1995

	Notes	1995 £'000	1994 £'000
<b>FIXED ASSETS:</b>			
<b>Tangible assets</b>			
Contract hire vehicles	13	5,852	6,622
Properties	12	1,608	1,516
Equipment, fixtures and fittings	12	412	366
		<u>7,872</u>	<u>8,504</u>
<b>CURRENT ASSETS:</b>			
Short term hire vehicles	13	36,360	23,683
Vehicle parts stocks and fuel		331	225
Debtors	15	9,489	6,117
Bank and cash balances		6,284	3,842
		<u>52,464</u>	<u>33,867</u>
<b>CREDITORS:</b>			
<b>Amounts falling due within one year</b>			
Hire purchase finance		11,341	9,111
Bank loans and overdrafts		—	400
Loan stock		56	62
Other creditors	16	12,555	8,205
		<u>23,952</u>	<u>17,778</u>
<b>NET CURRENT ASSETS</b>		<u>28,512</u>	<u>16,089</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>36,384</u>	<u>24,593</u>
<b>CREDITORS:</b>			
<b>Amounts falling due after more than one year – note 14</b>			
Hire purchase finance		20,041	15,435
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>			
Deferred taxation	17	386	505
		<u>20,427</u>	<u>15,940</u>
		<u>15,957</u>	<u>8,653</u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	18	2,255	1,804
Share premium account	19	7,681	2,702
Special reserve	20	1,538	1,548
Revaluation reserve	22	76	78
Other reserves	22	229	229
Profit and loss account	22	4,178	2,292
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>15,957</u>	<u>8,653</u>

# COMPANY BALANCE SHEET

as at 31 December 1995

	Notes	1995 £'000	1994 £'000
<b>FIXED ASSETS:</b>			
<b>Tangible assets</b>			
Contract hire vehicles	13	5,852	6,622
Properties	12	1,144	1,045
Equipment, fixtures and fittings	12	412	366
<b>Investments</b>			
Shares in subsidiary undertakings at cost	11	695	695
		<u>8,103</u>	<u>8,728</u>
<b>CURRENT ASSETS:</b>			
Short term hire vehicles	13	36,360	23,683
Vehicle parts stocks and fuel		331	225
Debtors	15	9,944	6,580
Bank and cash balances		6,284	3,842
		<u>52,919</u>	<u>34,330</u>
<b>CREDITORS:</b>			
<b>Amounts falling due within one year</b>			
Hire purchase finance		11,341	9,111
Bank loans and overdrafts		—	400
Loan stock		56	62
Other creditors	16	13,747	9,398
		<u>25,144</u>	<u>18,971</u>
<b>NET CURRENT ASSETS</b>		<u>27,775</u>	<u>15,359</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>35,878</u>	<u>24,087</u>
<b>CREDITORS:</b>			
<b>Amounts falling due after more than one year – note 14</b>			
Hire purchase finance		20,041	15,435
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>			
Deferred taxation	17	386	505
		<u>20,427</u>	<u>15,940</u>
		<u>15,451</u>	<u>8,147</u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	18	2,255	1,804
Share premium account	19	7,681	2,702
Special reserve	20	1,538	1,548
Revaluation reserve	22	10	10
Profit and loss account	22	3,967	2,083
		<u>15,451</u>	<u>8,147</u>

The accounts set out on pages 12 to 25 were approved by the board on 27 March 1996.

Signed on behalf of the board

**P S Busby**  
Director



# CASH FLOW STATEMENT

for the year ended 31 December 1995

	1995 £'000	1994 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>16,615</b>	<b>12,711</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	270	12
Interest paid	(2,415)	(1,229)
Dividends paid	(667)	(360)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2,812)</b>	<b>(1,577)</b>
<b>Taxation</b>		
Corporation tax paid	(272)	(28)
Advance corporation tax paid	(195)	—
<b>Tax paid</b>	<b>(467)</b>	<b>(28)</b>
<b>Investing activities</b>		
Payments to acquire hire vehicles	(37,793)	(29,886)
Receipts from sale of hire vehicles	15,371	9,102
	(22,422)	(20,784)
Purchase of subsidiary undertakings	(10)	(5)
Payments to acquire tangible fixed assets	(322)	(320)
<b>Net cash outflow from investing activities</b>	<b>(22,754)</b>	<b>(21,109)</b>
<b>Net cash outflow before financing</b>	<b>(9,418)</b>	<b>(10,003)</b>
<b>Financing</b>		
Share capital issued (net of expenses)	5,430	—
New hire purchase finance	28,172	23,864
Hire purchase repayments	(21,336)	(10,660)
Loan repayments	(406)	(540)
<b>Net cash inflow from financing</b>	<b>11,860</b>	<b>12,664</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,442</b>	<b>2,661</b>

For related notes on this statement, see page 16.

# NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 1995

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

	1995 £'000	1994 £'000
Operating profit	6,689	3,146
Other income	—	14
Vehicle fleet provisions	11,153	7,068
Depreciation	184	165
Profit on disposal of vehicles	(638)	(224)
Movement in vehicle parts stocks and fuel	(106)	76
Movement in debtors	(3,321)	(1,938)
Movement in creditors	2,654	4,404
<b>Net cash inflow from operating activities</b>	<b>16,615</b>	<b>12,711</b>

## 2. Analysis of changes in cash and cash equivalents during the year

Balance at 1 January	3,842	1,181
Net cash inflow in the year	2,442	2,661
Balance at 31 December	6,284	3,842

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

	1995 £'000	1994 £'000	Change in year £'000
Cash at bank and in hand	6,284	3,842	2,442

## 4. Analysis of changes in financing during the year

	Share capital and share premium £'000	Hire purchase finance £'000	Loans £'000
Balance at 1 January 1995	4,506	24,546	462
Cash inflow/(outflow) from financing	5,430	6,836	(406)
Balance at 31 December 1995	9,936	31,382	56

# NOTES TO THE ACCOUNTS

for the year ended 31 December 1995

## 1. PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of properties and in accordance with applicable accounting standards.

### (b) Goodwill

Goodwill arises where on the acquisition of a business or a subsidiary undertaking the cost of purchase exceeds the fair value of the net assets acquired. Such goodwill is eliminated against the special reserve available for this purpose.

### (c) Vehicles out on hire

#### (i) Contract hire vehicles

All vehicles capitalised and hired out under contracts for one year or more are included in fixed assets.

#### (ii) Short term hire vehicles

All other vehicles capitalised are treated as short term hire vehicles and are included in current assets.

### (d) Vehicle fleet provisions

The vehicle fleet provision policy is to write down each vehicle to its estimated or guaranteed residual value at the anticipated date of sale. This policy results in provision rates of between 25 and 60 per cent per annum on the straight line basis.

### (e) Vehicle rebates

Vehicle rebates are credited to the profit and loss account over the period for which the vehicles are expected to be held.

### (f) Vehicles leased in

Vehicles held under finance leases are capitalised and their value written down in accordance with the company's vehicle fleet provision policy. Obligations under finance leases are included in creditors net of finance charges allocated to future periods.

Vehicles held under operating leases are not capitalised. The company complies with FRS 5, Reporting the Substance of Transactions, in respect of material sale and leaseback arrangements.

Lease payments are charged to the profit and loss account in the period to which they relate.

### (g) Hire purchase and finance lease interest

Interest on borrowings arranged at variable rates is charged to the profit and loss account in accordance with the amounts notified by the respective lenders. Interest on borrowings arranged on fixed interest terms is charged to the profit and loss account on a basis designed to give a reasonable approximation to a constant periodic rate of return.

### (h) Depreciation

Depreciation of equipment, fixtures and fittings is provided for on the straight line basis at between 10 and 33 $\frac{1}{3}$  per cent per annum.

Land is not depreciated. Freehold and long leasehold buildings are depreciated at 2 per cent per annum on the straight line basis. Nonetheless it is the group's policy to maintain its properties in good condition by a regular programme of maintenance and repair, the cost of which is charged to the profit and loss account in the year in which the expenditure is incurred. Short leasehold properties are depreciated over the period of the lease.

### (i) Vehicle parts stocks and fuel

These are stated at the lower of cost and net realisable value.

### (j) Deferred taxation

Provision for deferred taxation is made to the extent that tax liabilities in respect of past transactions are expected to arise within the foreseeable future.

### (k) Pension costs

The company's pension schemes are defined contribution schemes which are administered by insurance companies. The charge to the profit and loss account comprises the total contributions payable to the schemes in respect of the accounting period.

# NOTES TO THE ACCOUNTS

## 2. TURNOVER

Turnover principally represents income from the short term and contract hire of vehicles and vehicles rebates and is stated net of value added tax.

## 3. OPERATING PROFIT is stated after charging:

	1995 £'000	1994 £'000
Vehicle fleet provisions		
– held under hire purchase agreements	7,692	5,766
– held under finance leases	2,922	1,158
– other	539	144
	<u>11,153</u>	<u>7,068</u>
Vehicle operating lease rentals	5,388	2,325
Other operating lease rentals	206	176
Depreciation	184	165
Auditor's remuneration – see also note 19	32	35

## 4. DIRECTORS' EMOLUMENTS

	Salary £'000	Taxable benefits £'000	Annual bonus £'000	Pension contributions £'000	1995 Total £'000	1994 Total £'000
R D Yeomans*	25	–	–	–	25	22
P A Roberts**	90	4	41	9	144	108
C J Miller	80	4	37	8	129	108
B Denvir	10	1	5	1	17	62
J D Conway	80	3	36	8	127	105
P S Busby	68	6	32	7	113	64
	<u>353</u>	<u>18</u>	<u>151</u>	<u>33</u>	<u>555</u>	<u>469</u>

\* Chairman    \*\* Highest paid director

The figures included above for Mr B Denvir are for the period to 13 March 1995, the date he ceased to be a director. Since that date the company has paid him the sum of £23,000 under the terms of his service contract. The company is in discussion with Mr B Denvir to agree a settlement of the unexpired term of his service contract.

Save for Mr R D Yeomans each director's contract provides for an annual salary, a profit related annual bonus, pension contributions, a car, private health insurance and reimbursement of expenses. The contract for Mr R D Yeomans provides for an annual consultancy fee and reimbursement of expenses.

In general terms the profit related annual bonuses are a percentage of the year on year increase in the group's profit before dividend.

The ranges of directors' emoluments, excluding pension contributions, were as follows:

	1995 No.	1994 No.
£15,001 – £20,000	1	–
£20,001 – £25,000	1	1
£25,001 – £30,000	–	2
£30,001 – £35,000	–	3
£35,001 – £40,000	1	–
£40,001 – £45,000	1	–
£45,001 – £50,000	1	–
£50,001 – £55,000	1	–

# NOTES TO THE ACCOUNTS

## 5. DIRECTORS' SHARE OPTIONS

	Number of shares under option			Additional details		Expiry date
	Total held at 1.1.95	Granted in year	Total held at 31.12.95	Exercise Price	Date from which exercisable	
R D Yeomans	—	—	—	—	—	—
P A Roberts	72,000		72,000	17p	21.01.96	21.01.03
	103,000		103,000	34p	24.01.97	24.01.04
	—	90,000	90,000	64p	08.11.98	08.11.05
C J Miller	72,000		72,000	17p	21.01.96	21.01.03
	103,000		103,000	34p	24.01.97	24.01.04
	—	80,000	80,000	64p	08.11.98	08.11.05
J D Conway	175,000		175,000	34p	24.01.97	24.01.04
	—	80,000	80,000	64p	08.11.98	08.11.05
P S Busby	100,000		100,000	35p	21.04.97	21.04.04
	—	68,000	68,000	64p	08.11.98	08.11.05
	<u>625,000</u>	<u>318,000</u>	<u>943,000</u>			

Share options are granted under seal and therefore at no cost to either the company or the grantee.

The exercise price is the middle market price of the company's shares on the business day immediately before the business day on which invitations to apply for the grant of an option are issued. There are no performance criteria conditional upon which the option invitations are issued.

The middle market price of the company's shares at 31 December 1995 was 70p and the range during the year 1995 was between 38p and 74p.

## 6. DIRECTORS' INTERESTS IN SHARES (all beneficial)

The interests of the directors in office at the end of the year with corresponding figures at the beginning of the year are set out below.

	31 December 1995	1 January 1995
	No. of Shares	No. of Shares
R D Yeomans	519,782	415,826
P A Roberts	3,007,722	2,975,388
C J Miller	1,305,750	1,285,750
J D Conway	4,683,803	3,590,470
P S Busby	126,250	106,250

There have been no changes in the directors' interests between 1 January 1996 and 27 March 1996

## 7. EMPLOYEES

The average number of persons employed in the following categories was:

	1995	1994
	No.	No.
Management and administration	78	61
Operations	69	61
Service and repair	88	85
	<u>235</u>	<u>207</u>
Employee costs amounted to:	£'000	£'000
Wages and salaries	3,712	2,955
Social security costs	366	254
Pension costs	56	34
	<u>4,134</u>	<u>3,243</u>

# NOTES TO THE ACCOUNTS

## 8. INTEREST PAYABLE

	1995 £'000	1994 £'000
Hire purchase and finance lease interest	2,838	1,389
Bank overdraft and short term loan interest	14	62
Other interest	7	8
	<u>2,859</u>	<u>1,459</u>

## 9. TAXATION ON ORDINARY ACTIVITIES

Corporation tax payable	1,257	604
Corporation tax over-provided in earlier years	(133)	(172)
Advance corporation tax written back	-	(16)
	<u>1,124</u>	<u>416</u>

If full provision for deferred taxation had been made there would have been a deferred taxation charge of **£377,000** after taking account of prior year adjustments (1994 – £29,000).

## 10. DIVIDENDS

	£'000	£'000
Interim paid of <b>0.85p</b> per share (1994 – 0.5p)	307	180
Final proposed of <b>1.85p</b> per share (1994 – 1p)	836	360
	<u>1,143</u>	<u>540</u>

## 11. SHARES IN SUBSIDIARY UNDERTAKINGS

No subsidiary undertakings traded during the year. Blocklane Limited which is a wholly owned subsidiary undertaking registered in England and Wales owns certain group properties. Particulars of all subsidiary undertakings are filed with the annual return of the company. All subsidiary undertakings have as their year end 31 December.

# NOTES TO THE ACCOUNTS

## 12. TANGIBLE ASSETS

### The group

	Freehold properties £'000	Long leasehold properties £'000	Short leasehold properties £'000	Equipment fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 1995	1,311	195	102	1,034	2,642
Additions	114	19	11	178	322
At 31 December 1995	1,425	214	113	1,212	2,964
<b>Depreciation</b>					
At 1 January 1995	45	4	43	668	760
Provided in the year	28	4	20	132	184
At 31 December 1995	73	8	63	800	944
<b>Net book value</b>					
At 31 December 1995	1,352	206	50	412	2,020
At 31 December 1994	1,266	191	59	366	1,882

### The company

	Freehold properties £'000	Long leasehold properties £'000	Short leasehold properties £'000	Equipment fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 1995	872	144	102	1,034	2,152
Additions	111	19	11	178	319
At 31 December 1995	983	163	113	1,212	2,471
<b>Depreciation</b>					
At 1 January 1995	28	2	43	668	741
Provided in the year	19	3	20	132	174
At 31 December 1995	47	5	63	800	915
<b>Net book value</b>					
At 31 December 1995	936	158	50	412	1,556
At 31 December 1994	844	142	59	366	1,411

A valuation of certain of the group's properties as at 31 December 1988 was carried out by property consultants on the basis of open market value for existing use. These properties are included above at a valuation of £487,000 (1994 – £487,000) for the group and for the company.

On an historical cost basis the net book value of properties would have been £1,533,000 (1994 – £1,411,000) for the group and £891,000 (1994 – £769,000) for the company.

# NOTES TO THE ACCOUNTS

## 13. VEHICLES OUT ON HIRE

The group and the company	Contract hire vehicles £'000	Short term hire vehicles £'000	Total hire vehicles £'000
<b>Cost</b>			
At 1 January 1995	10,180	28,934	39,114
Additions	2,610	35,183	37,793
Transfers between categories, net	(21)	21	—
Disposals	(3,813)	(19,312)	(23,125)
At 31 December 1995	8,956	44,826	53,782
<b>Vehicle fleet provisions</b>			
At 1 January 1995	3,558	5,251	8,809
Provided in the year	2,235	8,918	11,153
Transfers between categories, net	(78)	78	—
Disposals	(2,611)	(5,781)	(8,392)
At 31 December 1995	3,104	8,466	11,570
<b>Net book value</b>			
At 31 December 1995	5,852	36,360	42,212
At 31 December 1994	6,622	23,683	30,305

Vehicles out on hire include vehicles the subject of finance leases where the company is the lessee, with a net book value of £15,094,000 (1994 – £8,047,000) and vehicles the subject of hire purchase agreements with a net book value of £22,655,000 (1994 – £21,884,000).

## 14. NET BORROWINGS

The group and the company	1995 £'000	1994 £'000
(a) Bank loans and overdrafts repayable – within 1 year	—	400
<b>Total bank loans and overdrafts</b>	—	400
(b) Loans other than from banks		
(i) Hire purchase finance repayable		
– within 1 year	11,341	9,111
– between 1 and 2 years	9,529	7,436
– between 2 and 5 years	10,512	7,999
	31,382	24,546
(ii) Loan stock repayable – within 1 year	56	62
<b>Total loans other than from banks</b>	31,438	24,608
<b>Total borrowings</b>	31,438	25,008
Less: bank and cash balances	(6,284)	(3,842)
<b>Net borrowings</b>	25,154	21,166



# NOTES TO THE ACCOUNTS

## 14. NET BORROWINGS (continued)

Bank borrowings of **£nil** (1994 - £400,000) are secured by a debenture.

Hire purchase finance carries interest at both fixed and floating rates and is secured on vehicles out on hire. The figures include **£14,537,000** (1994 - £7,943,000) in respect of finance lease obligations.

The repayment of the loan stock has been guaranteed by the company's bankers. The stock is repayable on three months notice at any time between 30 September 1996 and 30 September 1999 either in full or in minimum tranches of £5,000. It carries interest at 0.5 per cent below the London Inter Bank Offer Rate.

15. DEBTORS	The group		The company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Trade debtors	7,136	4,647	7,136	4,647
Amounts owed by subsidiary undertakings	—	—	464	471
Other debtors	123	75	114	75
Prepayments and accrued income	2,230	1,395	2,230	1,387
	<u>9,489</u>	<u>6,117</u>	<u>9,944</u>	<u>6,580</u>

## 16. OTHER CREDITORS

Trade creditors	1,377	1,145	1,377	1,145
Amounts owed to subsidiary undertakings	—	—	1,192	1,193
Taxation	1,006	319	1,006	319
Advance corporation tax	284	195	284	195
Other taxes and social security costs	717	820	717	820
Proposed final dividend	836	360	836	360
Accruals and deferred income	8,335	5,366	8,335	5,366
	<u>12,555</u>	<u>8,205</u>	<u>13,747</u>	<u>9,398</u>

## 17. DEFERRED TAXATION

The group and the company	Full potential liability		Provided in the accounts	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Accelerated capital allowances	2,701	2,189	595	595
Surplus on revaluation of properties	4	4	—	—
Other timing differences	(16)	(39)	—	—
Losses available for relief	—	(75)	—	—
	<u>2,689</u>	<u>2,079</u>	<u>595</u>	<u>595</u>
Advance corporation tax recoverable	(209)	(90)	(209)	(90)
	<u>2,480</u>	<u>1,989</u>	<u>386</u>	<u>505</u>

# NOTES TO THE ACCOUNTS

## 18. SHARE CAPITAL

	No. of 5p shares	£'000
<b>Authorised</b>		
At 1 January 1995	43,000,000	2,150
Increase in the year	17,000,000	850
At 31 December 1995	60,000,000	3,000
<b>Allotted, issued and fully paid</b>		
At 1 January 1995	36,087,946	1,804
Issued in the year	9,021,986	451
At 31 December 1995	45,109,932	2,255

In October 1995, 9,021,986 shares were allotted at 63p each by way of a placing and open offer to raise cash for the benefit of the company. The consideration received (net of expenses) was £5,430,000. At 31 December 1995 options were outstanding over 2,133,025 shares (1994 – 1,329,500 shares). Between 1 January 1996 and 27 March 1996 a total of 78,000 shares were issued at a subscription price of 17p per share following the exercise of options between those dates.

## 19. SHARE PREMIUM ACCOUNT

	£'000
At 1 January 1995	2,702
Issue of 9,021,986 shares of 5p at a premium of 58p each	5,233
Expenses of the issue	(254)
At 31 December 1995	7,681

The expenses of the issue included £20,000 paid to the auditors.

## 20. SPECIAL RESERVE

	£'000
At 1 January 1995	1,548
Goodwill eliminated in the year	(10)
At 31 December 1995	1,538

The special reserve was created in December 1989 for the elimination of goodwill. It is also available for distribution by way of dividend in certain circumstances but in all other respects is the equivalent of the share premium account.

## 21. GOODWILL ELIMINATED TO DATE

	£'000
At 1 January 1995	2,347
Goodwill eliminated in the year	10
At 31 December 1995	2,357

# NOTES TO THE ACCOUNTS

## 22. RESERVES

	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
<b>The group</b>			
At 1 January 1995	78	229	2,292
Transfer between reserves	(2)	—	2
Transfer from profit and loss account	—	—	1,884
	<u>76</u>	<u>229</u>	<u>4,178</u>
At 31 December 1995	<u>76</u>	<u>229</u>	<u>4,178</u>
<b>The company</b>			
At 1 January 1995	10	—	2,083
Transfer from profit and loss account	—	—	1,884
	<u>10</u>	<u>—</u>	<u>3,967</u>
At 31 December 1995	<u>10</u>	<u>—</u>	<u>3,967</u>

In accordance with the provisions of section 230 of the Companies Act 1985 the company is exempt from presenting its own profit and loss account.

## 23. MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS IN THE YEAR

	1995 £'000	1994 £'000
Profit for the financial year	3,027	1,296
Dividends paid and proposed	(1,143)	(540)
Retained profit for the year	1,884	756
Share capital issued (net of expenses)	5,430	—
Goodwill eliminated	(10)	(5)
<b>Increase in equity shareholders' funds in the year</b>	<b>7,304</b>	<b>751</b>
Equity shareholders' funds at 1 January	8,653	7,902
<b>Equity shareholders' funds at 31 December</b>	<b>15,957</b>	<b>8,653</b>

## 24. CAPITAL COMMITMENTS

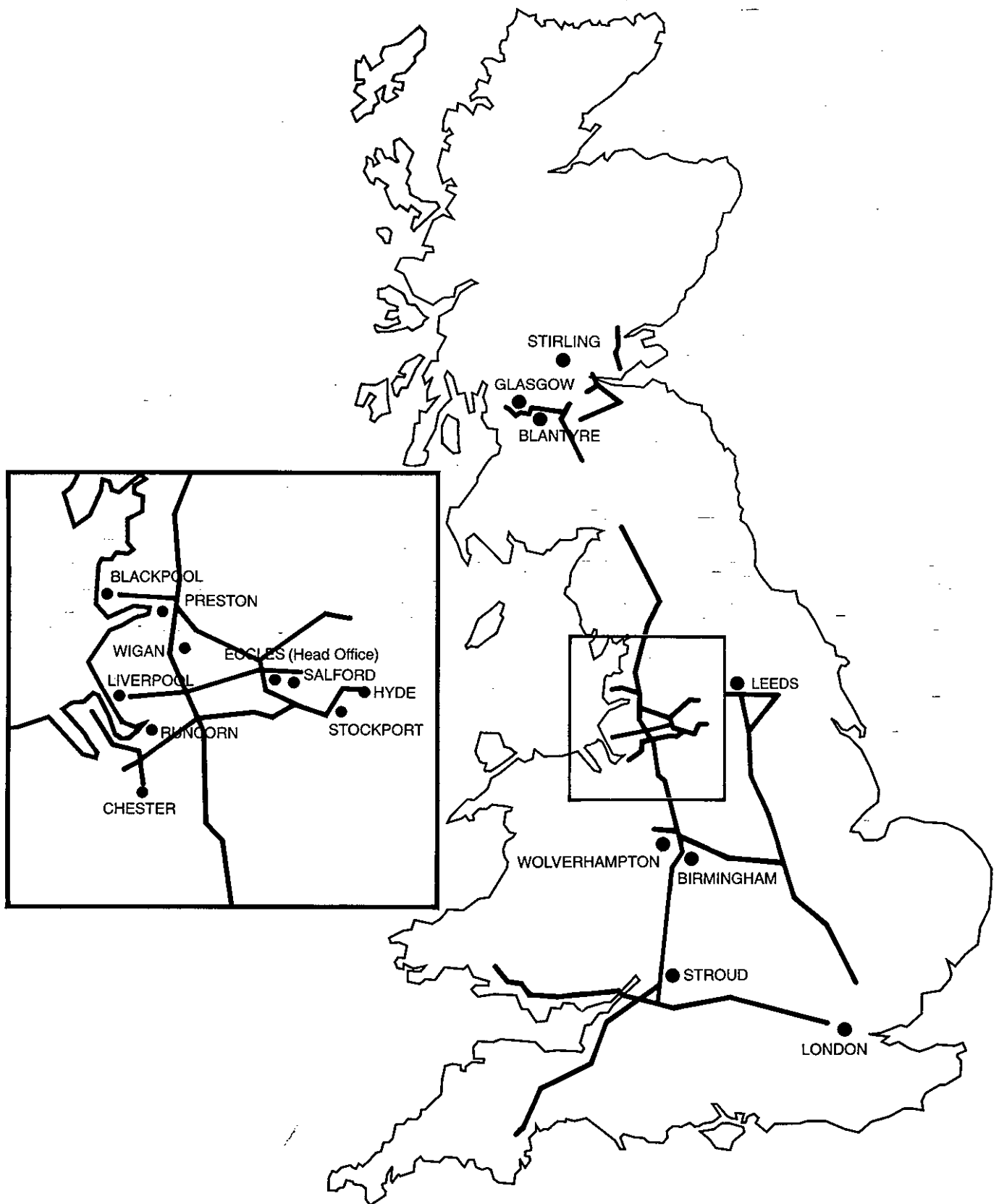
At 31 December 1995 the directors had authorised capital expenditure of **£395,000** in respect of a new computer system and **£2,219,000** in respect of vehicles (1994 – £nil).

## 25. LEASING COMMITMENTS

Annual commitments under non-cancellable operating leases were as follows:

	1995 £'000	1994 £'000
<b>Vehicles</b>		
Expiring within one year	906	375
Expiring between one and five years	2,883	2,129
	<u>3,789</u>	<u>2,504</u>
<b>Properties</b>		
Expiring within one year	56	39
Expiring between one and five years	60	58
Expiring in five years or more	91	91
	<u>207</u>	<u>188</u>
<b>Total</b>	<b>3,996</b>	<b>2,692</b>

# BRANCH LOCATIONS



## BRANCH ADDRESSES

### **BIRMINGHAM**

68 Wood Lane, Erdington, Birmingham B24 9QL  
0121 377 7744

### **BLACKPOOL**

100 Gorton Street, Blackpool FY1 3JW  
01253 28455

### **BLANTYRE**

1 Rosendale Way, Blantyre, Glasgow G72 0NJ  
01698 711122

### **CHESTER**

123 Brook Street, Chester CH1 3DU  
01244 311439

### **GLASGOW**

Yorkhill House, Yorkhill Quay, Clyde Expressway, Glasgow G3 8QE  
0141 339 8800

### **HYDE**

Clarendon Service Station, Grafton Street, Hyde, Cheshire SK14 2AX  
0161 368 2286

### **LEEDS**

Hunslet Road, Leeds LS10 1JL  
0113 242 4500

### **LIVERPOOL**

Hawthorne Road, Bootle, Liverpool L20 9PR  
0151 944 2233

### **LONDON**

32-36 Minerva Road  
London NW10 6HJ  
0181 453 1646

### **PRESTON**

Emmett Street, Preston, Lancashire PR1 1RD  
01772 821079

### **RUNCORN**

Chester Road, Sutton Weaver, Runcorn, Cheshire WA7 3EG  
01928 717711

### **SALFORD**

1 Aubrey Street, Salford, Manchester M5 2UP  
0161 872 8055

### **STIRLING**

Foundry Loan, Larbert, Stirling FK5 4PH  
01324 557799

### **STOCKPORT**

Reddish Road, Reddish, Stockport, Cheshire SK5 7AA  
0161 432 8152

### **STROUD**

Westward Road, Ebley, Stroud, Gloucestershire GL5 4UE  
01453 757091

### **WIGAN**

Seven Stars Service Station, Wallgate, Wigan WN5 0XG  
01942 231129

### **WOLVERHAMPTON**

Unit 7, Wulfrun Trading Estate, Stafford Road, Wolverhampton WV10 6HH  
01902 711775

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of TLS Plc for 1996 will be held at The Jubilee Suite, Lancashire County Cricket Club, Talbot Road, Old Trafford, Manchester M16 0PX on 22 May 1996 commencing at 12 o'clock noon for the following purposes:-

## ORDINARY BUSINESS

1. To receive and adopt the accounts for the year ended 31 December 1995 and the reports of the directors and auditors thereon.
2. To declare a final dividend.
3. To re-elect Mr R D Yeomans as a director of the company.
4. To re-appoint as auditors Messrs Binder Hamlyn and to authorise the directors to fix their remuneration.

## SPECIAL BUSINESS

5. **To consider and if thought fit pass the following resolution as an ordinary resolution:**

THAT the board be and is hereby authorised to offer ordinary shareholders pursuant to the power contained in article 153 of the articles of association of the company the right to elect to receive additional ordinary shares credited as fully paid instead of cash in respect of any dividend or any part of any dividend to be declared for the financial year of the company ending on 31 December 1996, but so that this authority shall not extend beyond the conclusion of the next annual general meeting.

6. **To consider and if thought fit pass the following resolution as an ordinary resolution:**

THAT the directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 to exercise all the powers of the company to allot relevant securities as therein defined up to 14,812,068 shares of 5p each representing 32.8 per cent of the issued share capital at 27 March 1996. This authority is to expire at the conclusion of the annual general meeting of the company to be held in 1997 or, if earlier, the date being 15 months from the passing of this resolution unless renewed, varied or revoked by the company in general meeting. This authority shall be in substitution for any previous authority conferred upon the directors pursuant to the said Section 80 prior to the date of the passing of this resolution which (to the extent that it remains in force and unexercised) is hereby revoked.

7. **To consider and if thought fit pass the following resolution as a special resolution:**

THAT subject to the ordinary resolution set out above being duly passed, the directors be and are hereby empowered pursuant to Section 95 of the Companies 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to Section 80 of the said Act as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to:

- a. The allotment of equity securities in connection with a rights issue in favour of or general offer to ordinary shareholders where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the number of ordinary shares held by them (but subject to such exclusions and other arrangements as the directors of the company may deem necessary or expedient in relation to fractional entitlements and any legal or practical difficulties under the laws of any overseas territory or the requirements of any regulatory body or stock exchange); and
- b. the allotment (otherwise than pursuant to sub-paragraph a. above) of equity securities up to 2,259,396 shares of 5p each representing 5 per cent of the issued share capital at 27 March 1996 and unless it is (prior to its expiry) duly renewed, varied or revoked shall expire at the conclusion of the annual general meeting of the company to be held in 1997 or 15 months from the date of passing of this resolution (whichever shall occur first) save that the company may before such expiry make any offer or agreement which would or may require equity securities to be allotted after such expiry and the directors of the company may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided also that the authority and power hereby conferred shall be in substitution for any previous authority conferred upon the directors pursuant to the said Section 95 prior to the date of the passing of this resolution which (to the extent that it remains in force and unexercised) is hereby revoked.

8. **To consider and if thought fit pass the following resolution as a special resolution:**

THAT the articles of association of the company be and are hereby altered as follows:

- a. by the deletion of article 127, subsequent articles being re-numbered accordingly;
- b. by the deletion of the following words in article 160  
'in at least two leading daily newspapers with appropriate circulations (at least one of which shall be published in London)'.  
and the insertion in their place of the following words:  
'in at least one national newspaper'

82 Church Street  
Eccles  
Manchester M30 0DA  
26 April 1996

By order of the board

*John W Stewart* J W Stewart  
Secretary

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

**1 Directors – (item 3 on the agenda)**

Mr R D Yeomans retires by rotation and being eligible is recommended for re-election.

**2 Dividend alternative - (item 5 on the agenda)**

The resolution is proposed in order to authorise the board to allow shareholders to receive fully paid up ordinary shares in place of cash for any dividend or part thereof declared in respect of the financial year ending 31 December 1996.

**3 Authority to allot shares - (items 6 and 7 on the agenda)**

Resolutions will be proposed to renew for a maximum of 15 months the authority for the directors to allot ordinary shares and to exclude shareholders' pre-emption rights where ordinary shares are allotted to them pursuant to a rights issue subject, in both cases, to the limits set out in the resolutions. Save for the allotment of shares to satisfy the exercise of share options, the directors have no present intention of making allotments pursuant to these proposed authorities.

**4 Amendments to the articles of association - (item 8 on the agenda)**

The London Stock Exchange have requested these proposed amendments to the articles of association. If passed their effect is a) to restrict further the voting powers of directors at board and committee meetings and b) to define more precisely the rules regarding notices that may be placed by the company in national newspapers.

**5 Voting**

A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member, but may only vote on a poll. To be valid proxies must be lodged with the company's registrars not less than 48 hours before the time appointed for the meeting. A form of proxy is enclosed but the completion and return of a proxy will not prevent a member attending and voting in person at the meeting if desired.

**6 Documents for inspection**

The following documents which are available for inspection at 82 Church Street, Eccles, Manchester M30 0DA during business hours on any weekday (excluding Saturdays) from the date of this notice until the close of the meeting, will also be available for inspection at The Jubilee Suite, Lancashire Cricket Club, Talbot Road, Old Trafford, Manchester M16 0PX from 11.30 a.m. on 22 May 1996 until the conclusion of the meeting:-

- (a) A register of interests of directors and their families in the shares of the company.
- (b) Copies of all directors' service or consultancy agreements; and
- (c) articles of association of the company.

# NOTICE TO SHAREHOLDERS RELATING TO THE CREST SYSTEM

## Notification of a directors' resolution relating to the CREST system

**NOTICE IS HEREBY GIVEN** in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), that on 26 March 1996 the company resolved by a resolution of its directors that title to the ordinary shares of 5p each in the capital of the company, in issue or to be issued, may be transferred by means of a relevant system. The resolution of the directors will become effective immediately prior to CRESTCo Limited granting permission for the shares concerned to be transferred by means of the CREST system.

### Explanatory note

The above notice is the notice that the company is obliged to give to its members, under the Regulations, of the passing of a "directors' resolution" (as defined in the Regulations) in relation to its ordinary shares. The directors' resolution will enable the company's ordinary shares to join CREST in due course. The shares have not become transferable by means of the CREST system merely by virtue of the passing of the directors' resolution nor will they become so by virtue of the directors' resolution becoming effective; the permission of the operator of the system, CRESTCo Limited, must also be given before the shares can become so transferable. This permission is expected to be given in the latter part of 1996.

The effect of the directors' resolution is to disapply, in relation to the company's ordinary shares, those provisions of the company's articles of association that are inconsistent with the holding and transfer of those shares in CREST and any provision of the Regulations, as and when the shares concerned enter the CREST system.

### Shareholders' rights

Shareholders should also note that, under the Regulations, they have the right by ordinary resolution:-

- a. until the directors' resolution referred to above comes into effect in accordance with its terms, to resolve that it shall not come into effect;
- b. if the directors' resolution referred to above is effective in accordance with its terms but the permission of the operator of the system, CRESTCo Limited, has not yet been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the directors' resolution shall cease to have effect; and
- c. once the directors' resolution referred to above is effective in accordance with its terms and the permission of the operator of the system, CRESTCo Limited, has been given to the shares concerned becoming transferable by means of the CREST system, to resolve that the directors of the company shall take the necessary steps to ensure that title to the shares concerned shall cease to be transferable by means of the CREST system and that the directors' resolution shall cease to have effect.

### Queries

The company's registrars, whose name, address and telephone number is given on page 2 may be contacted in the event of any query regarding this notice.

82 Church Street  
Eccles  
Manchester M30 0DA  
26 April 1996

By order of the board

*John W Stewart*

**J W Stewart**  
Secretary



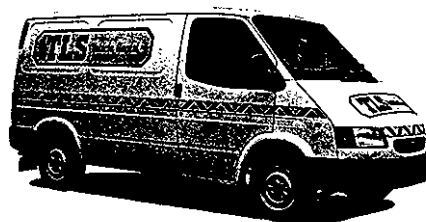
## OUR SERVICES

### TLS VEHICLE RENTAL AND TLS AUTO-RENTALS SELF DRIVE SHORT TERM • MEDIUM TERM • CONTRACT HIRE

Formed in 1979, floated on the Unlisted Securities Market in 1989 and fully listed in 1995, TLS has many years experience in providing a comprehensive self drive hire service for short, medium term and contract hire packages across all industry sectors. Whether you need a vehicle for one



day or five years – the TLS group can help you control your transport costs, take away the pressures of fleet management and provide you with the flexibility to meet your changing requirements.



TLS is the group to talk to about all your transport needs. Our large fleet of cars, light and heavy commercials is comprehensive. You can hire exactly the vehicle you require for the period that you need it.

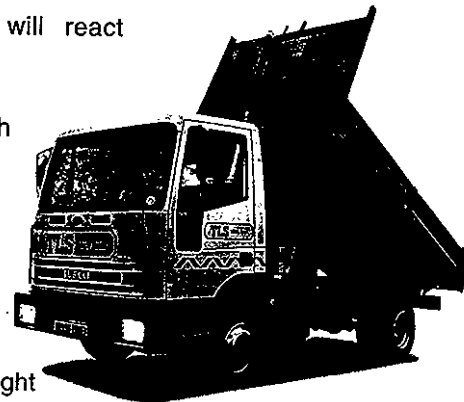


We continually update our vehicle fleet to ensure total vehicle reliability and customer satisfaction.

(In the unlikely event of a mechanical problem our national breakdown service is on call 24 hours per day, 365 days per year). Our trained staff are always available to support you and by

understanding your requirements will react quickly and efficiently.

Our hire rates are extremely competitive with specially tailored Flexi-Rent and Contract Hire schemes available to make longer hire terms even more cost effective. If you are seriously thinking about controlling your transport costs without compromising service or reliability talk to the right people, talk to TLS.

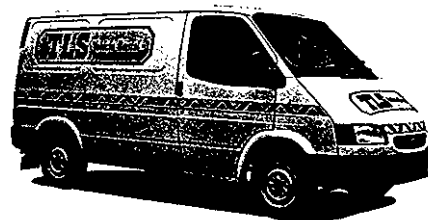


**THE RIGHT PEOPLE • THE RIGHT VEHICLE • THE RIGHT PRICE**

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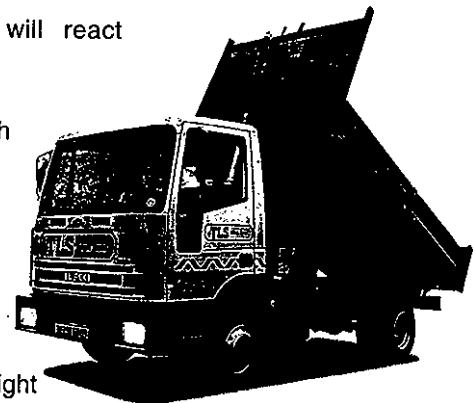


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