

Company Registration No. 2590136

**FLIGHTFORM LIMITED T/A THRIFTY  
CAR RENTAL**

**Report and Accounts**

**31 December 1999**

**Deloitte & Touche  
10-12 East Parade  
Leeds  
LS1 2AJ**



**REPORT AND ACCOUNTS 1999**

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**REPORT AND ACCOUNTS 1999**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D C A Bramall  
R J Burton  
A Burton  
G J Easton  
M R Brandom  
W P Wilcox  
C Ingrey-Senn

**SECRETARY**

A Burton

**REGISTERED OFFICE**

The Old Court House  
Hughendon Road  
High Wycombe  
Buckinghamshire  
HP13 5DT

**BANKERS**

Barclays Bank plc  
P O Box 2481  
60 Queens Road  
Reading

**SOLICITORS**

Jeffrey Green & Russell  
Apollo House  
56 New Bond Street  
London  
W1Y 9DG

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
10-12 East Parade  
Leeds  
LS1 2AJ

**DIRECTORS' REPORT**

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

**ACTIVITIES**

The company owns the Thrifty Rent-A-Car franchise in the UK. The principal activities include the provision of cars and vans, finance, insurance through a major UK insurance company, sales and marketing support and reservations to franchisees.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The overall car and van rental market has been difficult throughout 1999, and the Board is therefore pleased to be able to report a profit on ordinary activities before taxation of £2,177,363 (1998: £2,495,431).

The rental market has suffered through excess supply of vehicles, creating more competition in the industry, which has kept rental prices down.

In addition, the new car pricing commission has created huge interest in new and nearly new car markets, depressing values.

The company continues to grow and now operates 80 Thrifty Car, Van or Truck locations in the UK.

Until recently the company operated a 75% subsidiary (After Accident Care Limited) which was in the credit hire business. Due to the recent Dimond v Lovell legal case, this company has been closed down, resulting in a one off provision (consolidated into Flightform UK Limited and not Flightform Limited) of £494,000.

The directors would like to thank the licensee network, and the staff, for their support.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The directors recommend the payment of a final dividend of £800,103 (1998: £1,113,570) for the year ended 31 December 1999, leaving a profit of £723,217 (1998: £534,190) to be transferred to reserves.

**FIXED ASSETS**

Information relating to changes in tangible and intangible fixed assets is given in notes 9 to 11 of the financial statements.

**DIRECTORS AND THEIR INTERESTS**

The directors who have served during the year are as follows:

D C A Bramall  
R J Burton  
A Burton  
G J Easton  
M R Bandom  
W P Wilcox  
C Ingrey-Senn

The directors held no interests in the share capital of the company during the year

The directors' interests in the ordinary shares of the ultimate parent company Flightform UK Limited are disclosed below:

	<b>'B' ordinary shares of £1 each</b>	
	<b>31 December 1999</b>	<b>31 December 1998</b>
G Easton	110,000	110,000
M Bandom	35,000	35,000
P Wilcox	35,000	35,000

D C A Bramall, R J Burton, A Burton and C Ingrey-Senn are directors of Flightform UK Limited, the ultimate parent company and their interests in the share capital of that company are shown in its directors' report.

**DIRECTORS' REPORT**

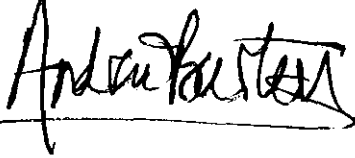
**YEAR 2000**

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however the situation is still being monitored. Any further costs associated with this issue cannot be quantified but are not anticipated to be significant.

**AUDITORS**

A resolution to reappoint Deloitte & Touche as auditors to the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

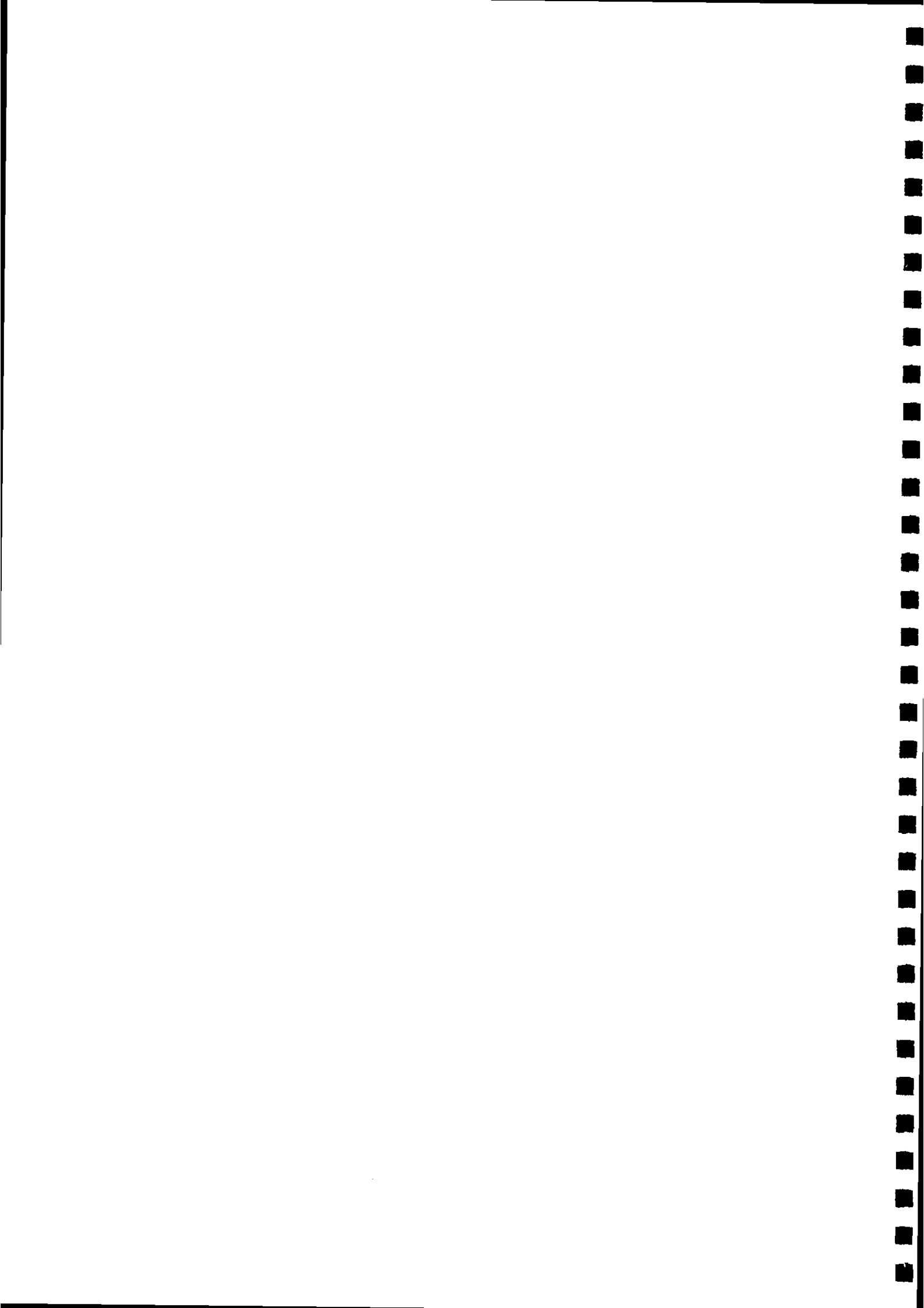


A Burton

Director

8 August

2000



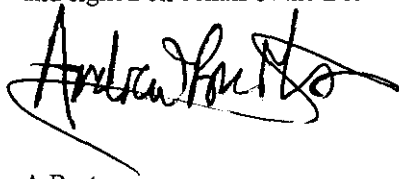
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year and of the profit or loss of the company 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;
- 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 keeping 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 are also responsible for the company's system of internal financial control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors  
and signed on behalf of the Board



A Burton

Director

8 August

2000



## **FLIGHTFORM LIMITED T/A THRIFTY CAR RENTAL**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 6 to 15, which have been prepared under the accounting policies, set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 4 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.

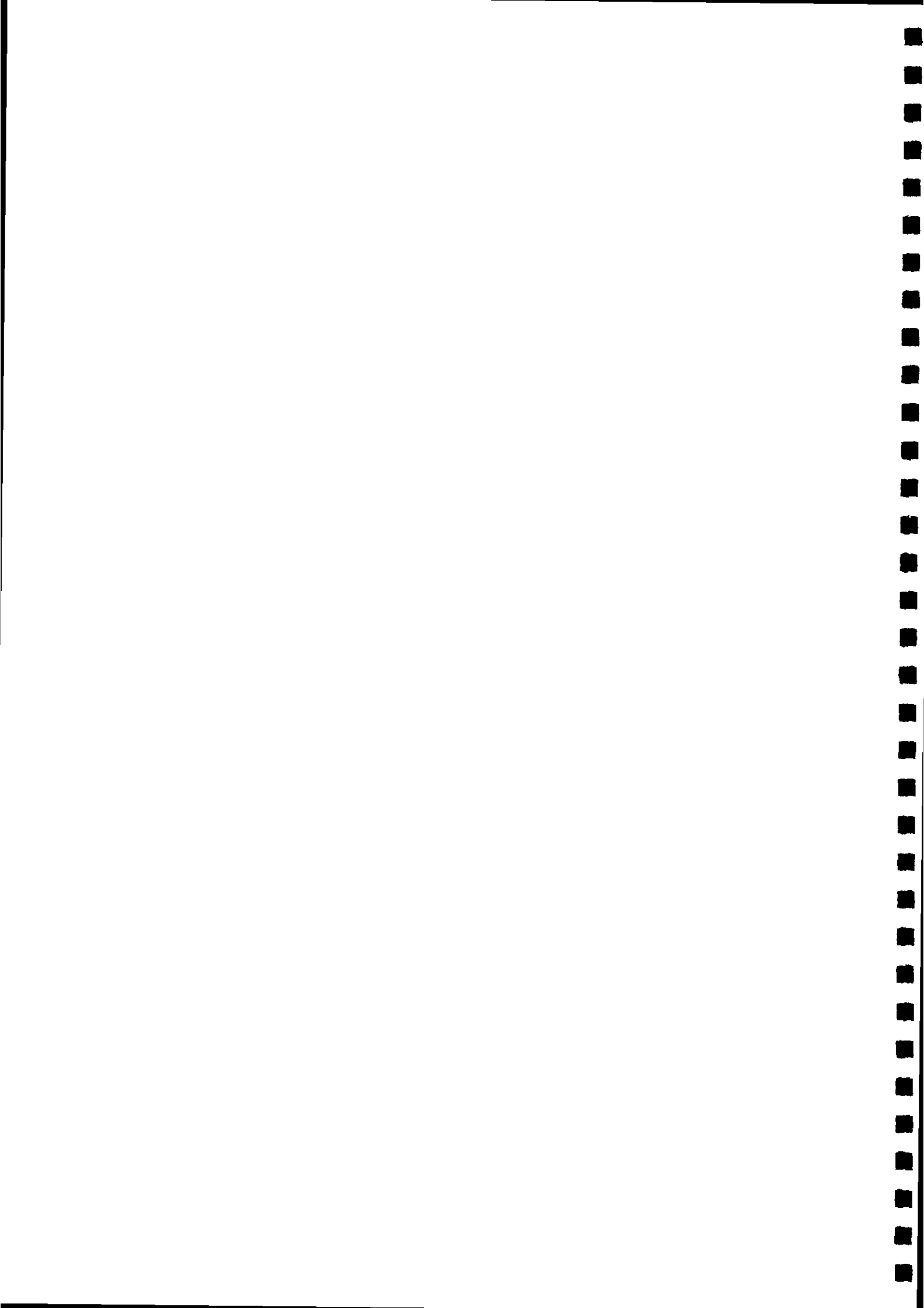
#### **Opinion**

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

**Deloitte & Touche**

Chartered Accountants and  
Registered Auditors

*8 August* 2000



**PROFIT AND LOSS ACCOUNT**  
Year ended 31 December 1999

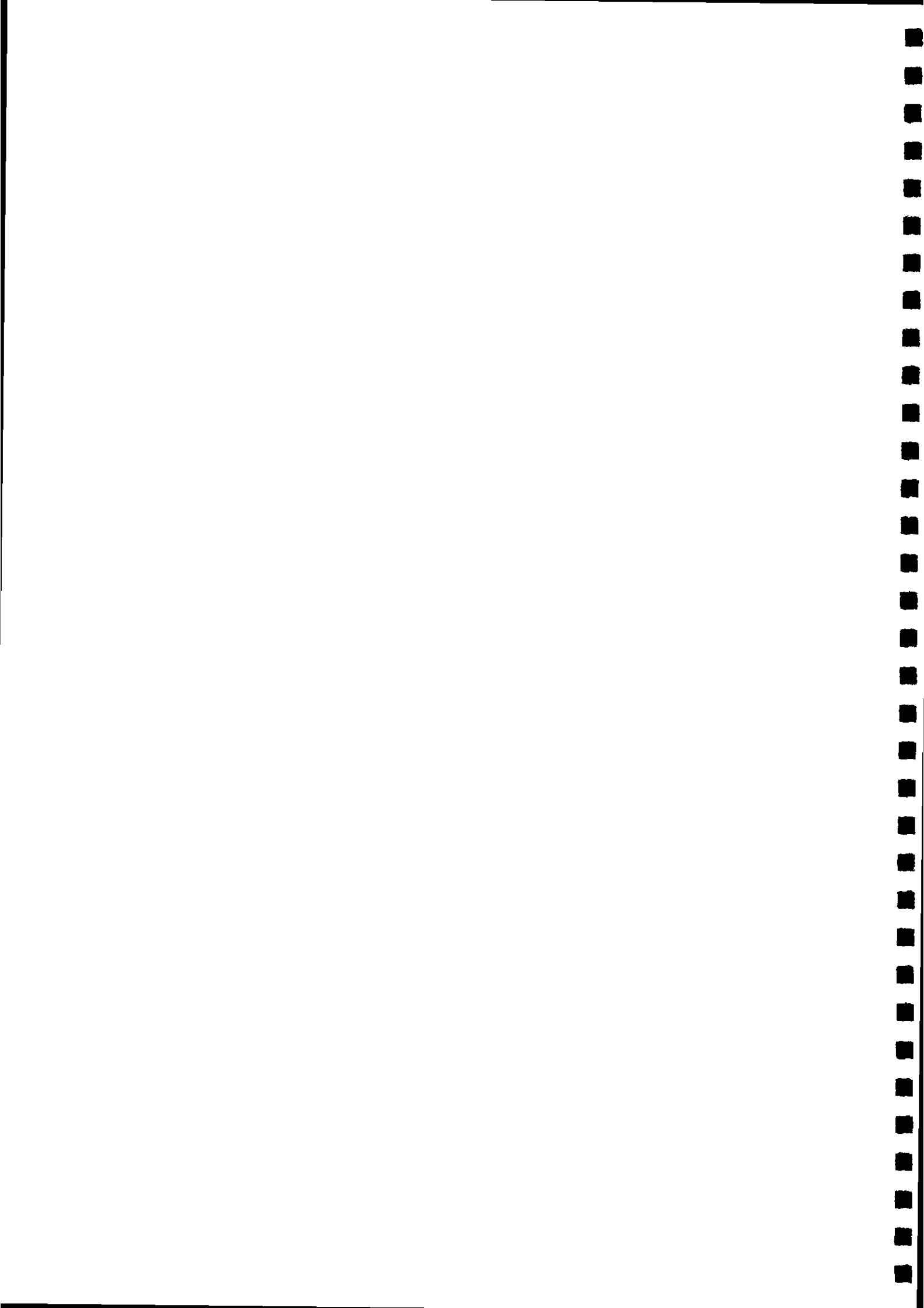
	Note	1999 £	1998 £
<b>TURNOVER - continuing operations</b>	2	72,985,401	65,245,490
Cost of sales		(58,808,757)	(53,150,949)
<b>Gross profit</b>		14,176,644	12,094,541
Administrative expenses (including exceptional write off of inter company balances of £542,500 (1998: £Nil))		(10,882,860)	(8,385,710)
Other operating income		217,290	-
<b>OPERATING PROFIT - continuing operations</b>	3	3,511,074	3,708,831
Interest payable and similar charges	5	(1,982,777)	(2,187,077)
Interest receivable and similar income	6	649,066	973,677
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,177,363	2,495,431
Tax on profit on ordinary activities	7	(654,043)	(847,671)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		1,523,320	1,647,760
Dividends	8	(800,103)	(1,113,570)
<b>RETAINED PROFIT TRANSFERRED O RESERVES</b>	19	723,217	534,190

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses for the current financial year or the previous financial year other than as stated in the profit and loss account, therefore no statement of total recognised gains and losses is presented.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	1,523,320	1,647,760
Dividends	(800,103)	(1,113,570)
<b>Net addition to shareholders' funds</b>	723,217	534,190
<b>Opening shareholders' funds</b>	2,484,228	1,950,038
<b>Closing shareholders' funds</b>	3,207,445	2,484,228



**BALANCE SHEET**  
**31 December 1999**

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	9	84,168	162,167
Tangible assets	10	29,200,481	26,891,246
Intangible assets	11	53,913	96,117
		<u>29,338,562</u>	<u>27,149,530</u>
<b>CURRENT ASSETS</b>			
Stocks	12	41,191	29,161
Debtors	13	16,897,318	12,663,999
Cash at bank and in hand		1,741,685	1,473,190
		<u>18,680,194</u>	<u>14,166,350</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(41,608,311)</u>	<u>(36,049,652)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(22,928,117)</u>	<u>(21,883,302)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,410,445	5,266,228
<b>CREDITORS: amounts falling due after more than one year</b>	15	(165,000)	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(3,038,000)</u>	<u>(2,782,000)</u>
		<u>3,207,445</u>	<u>2,484,228</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	172,391	172,391
Share premium account	19	32,100	32,100
Capital redemption reserve	19	175,000	175,000
Profit and loss account	19	2,827,954	2,104,737
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>3,207,445</u>	<u>2,484,228</u>
Shareholders' funds are attributable to:			
Equity shareholders' funds		3,083,073	2,359,856
Non equity shareholders' funds		<u>124,372</u>	<u>124,372</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>3,207,445</u>	<u>2,484,228</u>

These financial statements were approved by the Board of Directors on 8 August 2000.

Signed on behalf of the Board of Directors

R J Burton  
Director





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Intangible fixed assets**

The franchise fee is being amortised in equal amounts over a ten year period.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment	33% per annum
Fixtures, fittings	20% per annum

Motor vehicles are written down to a directors' valuation over the period of the lease, or to their residual value where known.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Pension costs**

The company operates a defined contribution scheme for certain directors and employees. The company's contributions to the scheme are charged against profits in the period in which the contributions are payable.

**Leases and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Finance lease income on assets sold under finance leases is recognised so as to produce a constant rate of return on the net cash investment in the lease. Finance lease income represents the amount by which the total of the receipts expected exceeds the cost of the leased asset.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Foreign exchange**

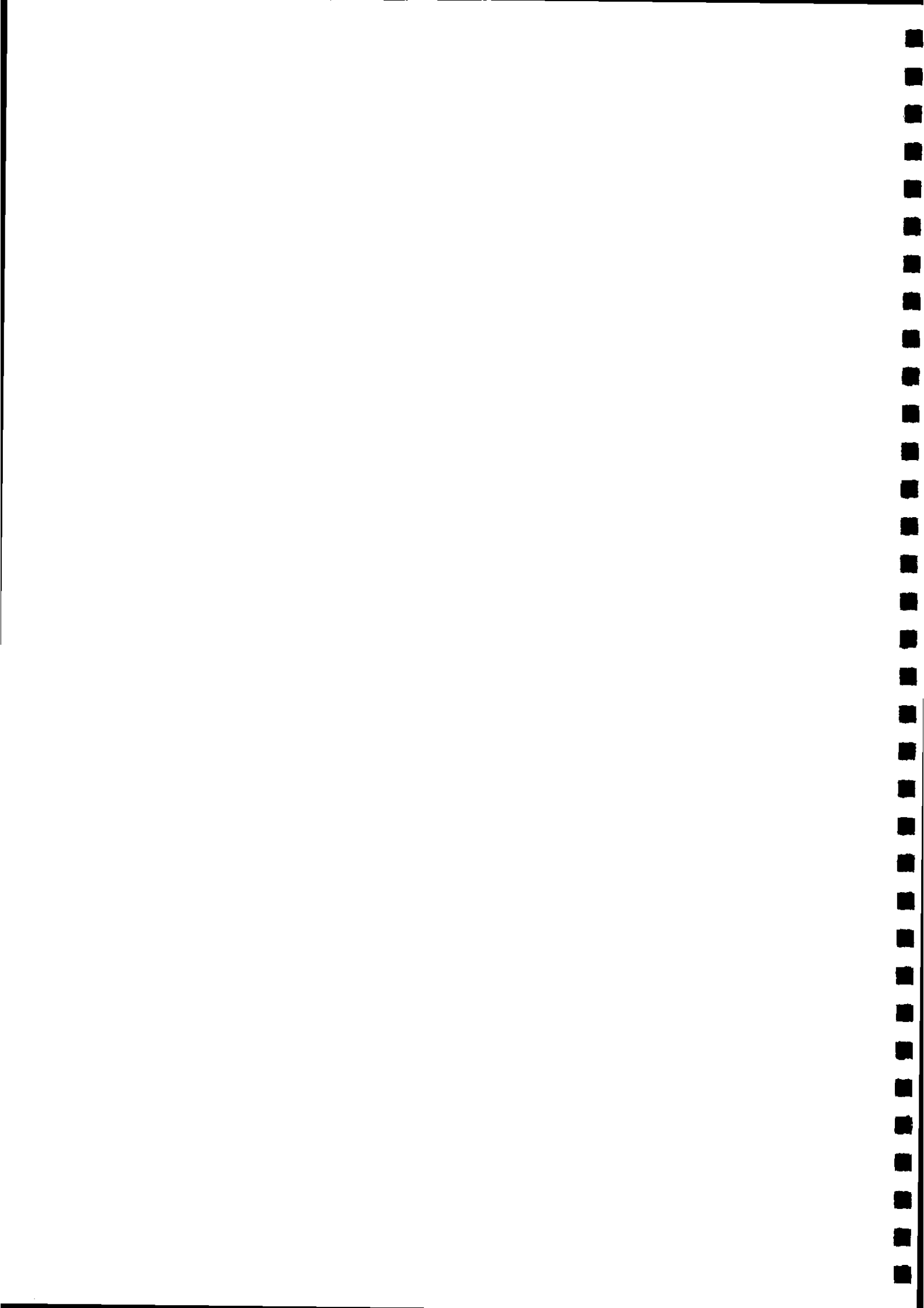
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling at that date. The translation differences are dealt with in the profit and loss account.

**Cash flow statement**

The company has taken advantage of the exemption available in Financial Reporting Standard 1 as a wholly owned subsidiary, not to prepare a cash flow statement.

**2. TURNOVER**

Turnover represents the value of sales to third parties inclusive of fees and commissions but exclusive of value added tax. All turnover arises in the United Kingdom.



## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 3. OPERATING PROFIT

	1999 £	1998 £
Operating profit is stated after charging/(crediting):		
Auditors' remuneration - audit fees	26,000	23,000
- non audit fees	19,200	19,200
Depreciation		
Owned assets	107,252	66,213
Assets held on finance leases and hire purchase contracts	4,985,739	4,073,438
Amortisation of franchise fee	42,204	42,205
Hire of equipment	49,615	41,063
Rental income in respect of operating leases	(11,543,182)	(9,616,886)
Rental income in respect of finance leases	(6,071,151)	(9,020,220)

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

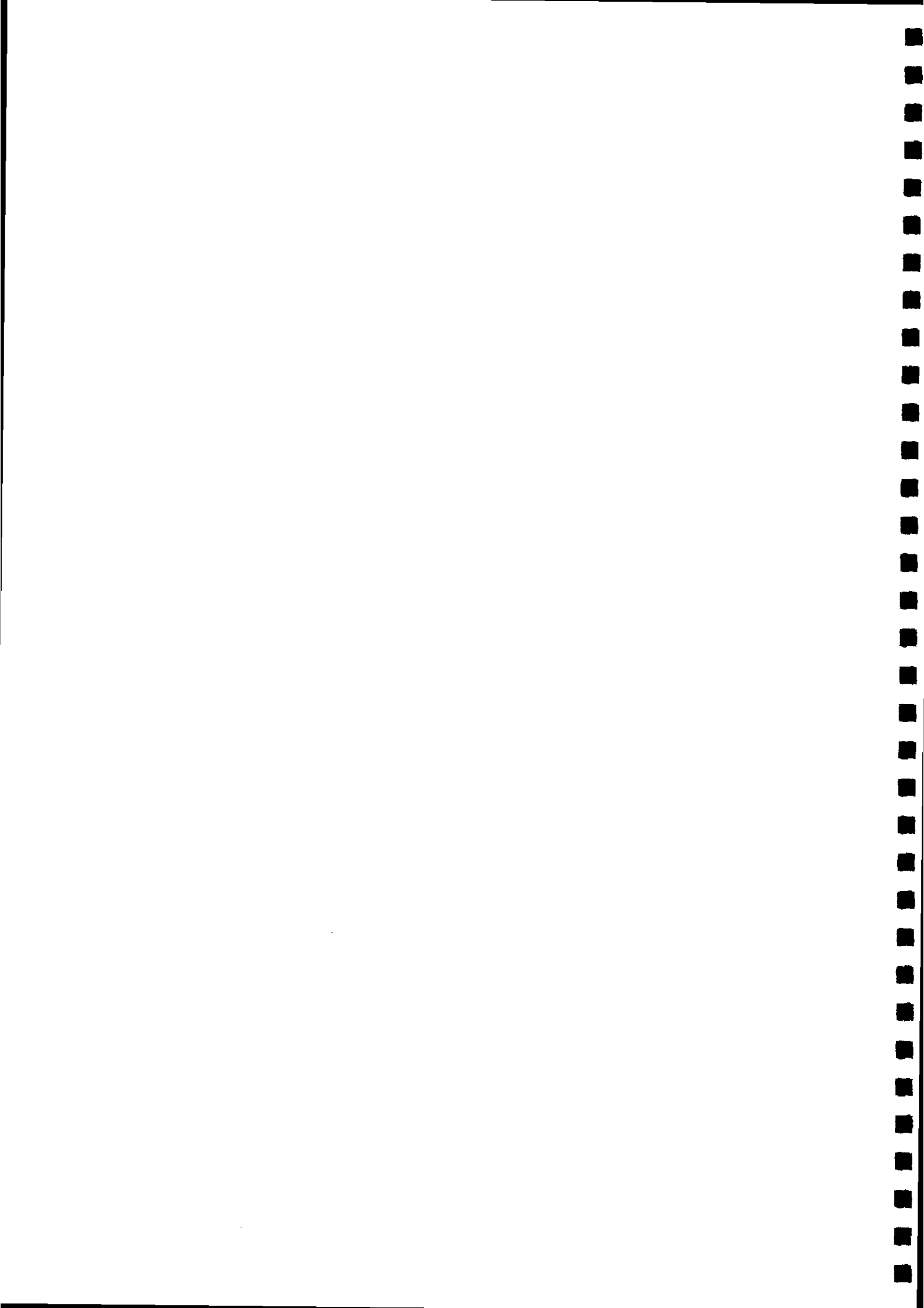
	1999 No	1998 No
Average number of persons employed (including directors)		
Administration	71	51
Sales	28	33
	<u>99</u>	<u>84</u>
	£	£
Employee Costs		
Wages and salaries	2,074,031	1,553,372
Social security costs	191,526	147,843
Pension contributions	22,144	18,296
	<u>2,287,701</u>	<u>1,719,511</u>
Directors' emoluments:		
Salary, bonuses and fees	387,219	400,811
Pension contributions	13,199	10,722
	<u>400,410</u>	<u>411,533</u>

Five directors are members of the company's money purchase pension scheme arrangements.

The emoluments of the highest paid director were £105,720 including pension contributions to the company's money purchase pension scheme of £4,170.

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Bank loans, overdrafts and other loans		
Repayable within five years, not by instalments	40,528	35,900
Hire purchase contracts		
Interest element of finance lease and hire purchase rentals repayable within five years by instalments	1,942,249	2,151,177
	<u>1,982,777</u>	<u>2,187,077</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1999 £	1998 £
Bank interest	143,274	208,880
Finance lease interest	505,792	764,797
	<u>649,066</u>	<u>973,677</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
United Kingdom corporation tax at 31% (1998: 33%) based on the profit for the year	400,000	238,731
Deferred taxation	273,000	402,000
	<u>673,000</u>	<u>640,731</u>
Adjustment to prior years:		
Corporation tax	(1,957)	292,326
Deferred taxation	(17,000)	(85,386)
	<u>654,043</u>	<u>847,671</u>

**8. DIVIDENDS**

	1999 £	1998 £
<b>Equity dividends</b>		
Final dividend of £6.43 per ordinary share of US\$0.01 (1998: £8.95)	800,103	1,113,570
Total equity dividends	<u>800,103</u>	<u>1,113,570</u>

**9. INVESTMENTS HELD AS FIXED ASSETS**

	Shares in subsidiary companies £	Shares in associated company £	Total £
<b>Cost</b>			
At 1 January 1999	149,167	13,000	162,167
Additions	1	-	1
At 31 December 1999	<u>149,168</u>	<u>13,000</u>	<u>162,168</u>
<b>Provisions</b>			
At 1 January 1999	-	-	-
Provisions for impairment in value	(65,000)	(13,000)	(78,000)
At 31 December 1999	<u>(65,000)</u>	<u>(13,000)</u>	<u>(78,000)</u>
<b>Net book value</b>			
At 31 December 1999	<u>84,168</u>	<u>-</u>	<u>84,168</u>
At 31 December 1998	<u>149,167</u>	<u>13,000</u>	<u>162,167</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 9. INVESTMENTS HELD AS FIXED ASSETS (continued)

The provisions made during the year against interest in subsidiary undertakings and in the associated company is to reflect the impairment in value of investments in such interests.

During the year, the company acquired 100% of the ordinary share capital of Flightform (Darlington) Limited for a cash consideration of £1. The principal activity of the company is the provision of hire vehicles.

Flightform Limited also owns 100% of the equity share capital of Flightform Insurance Limited, an insurance company registered in Guernsey and Lexis Corp Limited which has ceased to trade and is registered in England and Wales.

The other subsidiary undertakings are After Accident Care Limited in which Flightform Limited has a 75% interest in the ordinary share capital, Threadwill Limited in which Flightform Limited has a 70% interest in the ordinary share capital and Corporate Drive Limited in which Flightform Limited has a 75% interest in the ordinary share capital. The principal activity of each company is the provision of hire vehicles. After Accident Care Limited, Threadmill Limited and Corporate Drive Limited are all companies registered in England and Wales.

Group accounts have not been prepared as the company is a wholly subsidiary of Flightform UK Limited which prepares group accounts under UK legislation.

## 10. TANGIBLE FIXED ASSETS

	Freehold land £	Furniture & fittings £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 1999	370,000	67,388	288,888	28,864,416	29,590,692
Additions	32,237	35,703	149,656	46,350,861	43,915,208
Disposals	-	(6,222)	(73,701)	(44,236,296)	(44,316,219)
At 31 December 1999	402,237	96,869	364,843	30,978,981	31,842,930
<b>Accumulated Depreciation</b>					
At 1 January 1999	-	15,713	152,456	2,531,277	2,699,446
Charge for the year	-	16,904	85,587	4,990,500	5,092,991
Disposals	-	(5,800)	(73,701)	(5,070,487)	(5,149,988)
At 31 December 1999	-	26,817	164,342	2,451,290	2,642,449
<b>Net book value</b>					
At 31 December 1999	402,237	70,052	200,501	28,527,691	29,200,482
At 31 December 1998	370,000	51,675	136,432	26,333,139	26,891,246

The net book value of motor vehicles includes £25,397,612 (1998: £25,708,094) in respect of assets held under finance leases and hire purchase contracts. £21,732,812 of these assets are leased out to third parties on operating leases (1998 : £23,235,244).



**NOTES TO THE ACCOUNTS****Year ended 31 December 1999****11. INTANGIBLE FIXED ASSETS**

	<b>Franchise fee £</b>
<b>Cost</b>	
At 1 January 1999 and 31 December 1999	409,107
<b>Accumulated amortisation</b>	
At 1 January 1999	312,990
Charge for the year	42,204
At 31 December 1999	355,194
<b>Net Book Value</b>	
At 31 December 1999	53,913
At 31 December 1998	96,117

**12. STOCKS**

	<b>1999 £</b>	<b>1998 £</b>
Goods for resale	41,191	29,161

**13. DEBTORS**

	<b>1999 £</b>	<b>1998 £</b>
Trade debtors	9,894,328	3,908,099
Amounts owed by Flightform UK Limited	1,980,128	735,131
Amounts owed by subsidiary companies	102,500	415,000
Other debtors	524,365	394,534
Amounts receivable under finance leases	4,027,368	6,609,014
Prepayments and accrued income	309,629	289,323
Dividend receivable	59,000	65,105
VAT	-	247,793
	16,897,318	12,663,999

The cost of assets acquired for the purpose of letting under finance leases is £3,715,363 (1998: £7,227,403).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts (see note 15)	20,000	-
Trade creditors	6,628,622	4,969,907
Obligations under finance lease and hire purchase contracts	30,115,662	27,260,807
Corporation tax	419,433	407,758
Other taxes and social security	873,047	34,688
Other creditors	358,451	180,091
Accruals and deferred income	2,392,993	2,082,831
Proposed dividend	800,103	1,113,570
	<u>41,608,311</u>	<u>36,049,652</u>

Obligations under finance lease and hire purchase contracts are secured against the related assets.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Bank loan	<u>165,000</u>	<u>-</u>
Analysis of loan repayments		
Bank loan		-
Within one year (see note 14)	20,000	-
Between one and two years	20,000	-
Between one and five years	60,000	-
Greater than five years	85,000	-
	<u>185,000</u>	<u>-</u>

The bank loan is secured by way of a legal mortgage over freehold property owned by the company.

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	£
<b>Deferred taxation</b>	
Balance at 1 January 1999	2,782,000
Provision - current year	273,000
- prior year	(17,000)
Balance at 31 December 1999	<u>3,038,000</u>

The amounts provided and unprovided in the accounts are as follows.

	Provided		Not Provided	
	31 December 1999 £	31 December 1998 £	31 December 1999 £	31 December 1998 £
Capital allowances in excess of depreciation	3,021,000	2,785,000	-	-
Other timing differences	(7,000)	(3,000)	-	-
	<u>3,038,000</u>	<u>2,782,000</u>	<u>-</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 17. CALLED UP SHARE CAPITAL

	1999 £	1998 £
<b>Authorised</b>		
875,628 'B' ordinary shares of £1 each	875,628	875,628
175,000 10% cumulative redeemable preference shares of £1 each	175,000	175,000
124,372 ordinary shares of US\$0.01 each	830	830
124,372 deferred shares of £1 each	124,372	124,372
	<u>1,175,830</u>	<u>1,175,830</u>
<b>Called up, allotted and fully paid</b>		
47,189 'B' ordinary shares of £1 each	47,189	47,189
124,372 ordinary shares of US\$0.01 each	830	830
124,372 deferred shares of £1 each	124,372	124,372
	<u>172,391</u>	<u>172,391</u>
 Equity shares	 48,019	 48,019
Non equity shares	124,372	124,372
	<u>172,391</u>	<u>172,391</u>

**Rights attached to each class of share**i) **Rights to dividends**

The holders of the ordinary shares are entitled to any profits which the company determines to distribute. For this purpose the US\$0.01 and 'B' ordinary shares count together as a single class of shares.

The holders of the deferred shares have no rights to a distribution of profits.

ii) **Voting rights attached to shares**

The US\$0.01 and 'B' ordinary shares carry equal voting rights.

The holders of the deferred shares are not entitled to any voting rights.

iii) **Return of capital**

On a return of capital the surplus assets shall be applied to repay ordinary shareholders for paid up capital with any balance to be distributed amongst the holders of the ordinary shares. For this purpose the US\$0.01 and 'B' ordinary shares shall rank together as a single class of shares.

The holders of deferred shares shall only be entitled to participate in the capital of the company after the holders of every other class of shares has received the sum of £1 million in respect of each share held.

## 18. FINANCIAL COMMITMENTS

**Operating lease commitments**

At 31 December 1999 the company was committed to making the following annual payments under non-cancellable operating leases:

	Land and buildings	Other
Leases which expire:		
Within one year	<u>113,567</u>	<u>570,281</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 19. RESERVES

	Share Premium Account £	Capital Redemption Reserve £	Profit & Loss Account £
Balance as at 1 January 1999	32,100	175,000	2,104,737
Retained profit for the year	-	-	723,217
Balance as at 31 December 1999	<u>32,100</u>	<u>175,000</u>	<u>2,827,954</u>

## 20. PENSIONS

The total pension cost for the company was £22,144 (1998: £18,296). There were no outstanding or prepaid contributions at the balance sheet date.

## 21. CONTINGENT LIABILITIES

The company is party to a cross guarantee and debenture in respect of the bank borrowings of the group. The bank loans and overdrafts are secured by a legal charge over the freehold property and other fixed asset of the company and by fixed and floating charges over other assets and the undertaking of the company.

## 22. ULTIMATE PARENT COMPANY

The ultimate parent company is Flightform UK Limited, a company incorporated in Great Britain and registered in England. Copies of the accounts of the ultimate parent company can be obtained from Companies House, Cardiff.

## 23. RELATED PARTIES

The company provides vehicles on hire and related services to After Accident Care Limited, a 75% owned subsidiary, on normal commercial terms. Sales in the year amounted to £143,998 (1998: £210,740) and the balance outstanding at 31 December 1999 was £6,444 (1998: £80,202). A loan is provided to the company and the balance outstanding at 31 December 1999 was £102,500 (1998: £415,000) net of a provision of £542,500 (1998: £ Nil). Interest is charged on the loan at a rate of 3% over base rate and interest payable in the year amounted to £43,484 (1998: £nil).

The company also provides vehicles on hire and related services to Threadwill Limited, a 70% owned subsidiary on normal commercial terms. Sales in the year amounted to £177,111 (1998: £4,302). The balance outstanding at 31 December 1999 was £290 (1998: £74,012).

The company also provides, as well as hires, vehicles and related services to Corporate Drive Limited, a 75% owned subsidiary on normal commercial terms. Sales in the year amounted to £891,278. The balance outstanding at 31 December 1999 was £95,289. Purchases in the year amounted to £326,471. The balance owed by the company at 31 December 1999 was £80,468.