

ANC Rental Corporation Limited
(formerly Republic Industries (Holdings) PLC)

Annual report and accounts
for the year ended 31 December 1999

Registered number: 2779999



Directors' report

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

Principal activity

The principal activity of the company continues to be that of an intermediate holding company, providing management services for its subsidiaries, whose principal operations are in short term vehicle rental.

Change of name

The company changed its name to ANC Rental Corporation Limited with effect from 20 July 2000.

Business review

The company has continued to provide management services to its subsidiaries throughout the year. This trading activity will be continued for the foreseeable future and the directors will consider other opportunities as they present themselves.

Results and dividends

The results of the year's trading are as shown on page 5. The directors do not recommend the payment of a dividend (1998 - £nil).

Directors

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

D M Custage (appointed 15 July 1999, resigned 4 August 2000)

I Wardle

J S Leigh

G E H Corbett (resigned 15 July 1999)

Directors' interests

No director held any beneficial interest in shares of ANC Rental Corporation Limited or any of its subsidiaries at 31 December 1999 or 31 December 1998.

Directors' report (continued)

Directors' interests (continued)

Post balance sheet event

On 20 November 2000 the company increased its authorised share capital to £33,600,000 and issued £30,000,000 of additional ordinary share capital by issuing 600,000,000 ordinary shares of 5p each at par to its immediate parent company ANC Rental Corporation (Group) PLC. The consideration received was in the form of an intercompany loan.

On 20 November 2000 the company also acquired 30,000,000 ordinary shares of £1 each in its subsidiary ANC Rental Corporation (Properties) Limited at par with a £30,000,000 intercompany loan.

The following pro-forma balance sheet shows the effect of these transactions on the balance sheet of the company, as an adjustment to the audited balance sheet at 31 December 1999, as if it had happened on the last day of that financial year.

Pro-forma consolidated balance sheet

	1999 £'000	Adjustment £'000	Pro-forma 1999 £'000
Fixed assets			
Investments	36,842	30,000	66,842
Current assets			
Debtors	9,647	30,000	39,647
Creditors: Amounts falling due within one year	(459)	(30,000)	(30,459)
Net current assets	9,188	-	9,188
Net assets	46,030	30,000	76,030
Capital and reserves			
Called-up share capital	2,462	30,000	32,462
Share premium account	33,686	-	33,686
Profit and loss account	9,882	-	9,882
Equity shareholders funds	46,030	30,000	76,030

Directors' report (continued)

Directors' responsibility statement

Company law requires the directors 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 profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

The company experienced no disruption of operations following the rollover of computer systems to the Year 2000 date, due to preventative measures taken. The costs did not materially add to general operating and capital expenditure.

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The company does not have trade creditors due to the nature of the business.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

James House
55 Welford Road
Leicester
LE2 7AR

By order of the Board



J M Colton

Secretary

30 November 2000

To the Shareholders of ANC Rental Corporation Limited (formerly Republic Industries (Holdings) PLC):

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

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

Basis of audit 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 these financial statements give a true and fair view of the state of affairs of the company 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.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Victoria Square
Birmingham
B1 1BD

30 November 2000

Profit and loss account

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Management income		142	166
Operating profit		142	166
Investment income	2	2,689	-
Interest payable and similar charges	3	-	(64)
Profit on ordinary activities before taxation	4	2,831	102
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	13	2,831	102

All turnover and operating profit arose from continuing activities.

There were no recognised gains or losses other than those shown in the profit and loss account above.

The notes on pages 7 to 13 form an integral part of this profit and loss account.

Balance sheet
31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	7	36,842	36,842
Current assets			
Debtors	8	9,647	8,679
Creditors: Amounts falling due within one year	9	(459)	(2,322)
Net current assets		9,188	6,357
Net assets		46,030	43,199
Capital and reserves			
Called-up share capital	11	2,462	2,462
Share premium account	12	33,686	33,686
Profit and loss account	13	9,882	7,051
Shareholders' funds, all equity	14	46,030	43,199

The accounts on pages 5 to 13 were approved by the board of directors and signed on its behalf by:

J S Leigh  Director

I Wardle  Director

30 November 2000

The accompanying notes are an integral part of this balance sheet.

1 Accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

a) Investments

Fixed asset investments in subsidiary undertakings are shown at cost less provisions for impairment.

b) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Where possible, the company will take advantage of group relief provisions to offset taxable profits against taxable losses arising in other group undertakings in the period. Deferred taxation assets and liabilities are calculated using the liability method and are recognised or provided for to the extent that it is probable that an asset or liability will crystallise in the foreseeable future.

c) Pension costs and other post-retirement benefits

Based on independent actuarial advice, pension costs are charged to the profit and loss account on a basis whereby the regular cost is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average expected remaining service lives of current pensionable employees.

d) Cash flow statement

The company has elected to utilise the exemption provided by Financial Reporting Standard No. 1 (Revised) and has not prepared a cash flow statement, as its results are included in the consolidated financial statements of the ultimate parent undertaking which are publicly available.

e) Exemption from preparing Group accounts

Consolidated accounts have not been prepared as the company has taken advantage of the exemption provided in Section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary of a parent incorporated within the European Community.

f) Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard No. 8 not to disclose related party transactions with companies, 90% or more of whose voting rights are controlled within the ANC Rental Corporation group.

Notes to accounts (continued)

2 Investment Income

	1999 £'000	1998 £'000
Income from shares in group undertakings	2,650	-
Interest on loans to group undertakings	39	-
	<u>2,689</u>	<u>-</u>

3 Interest payable and similar charges

	1999 £'000	1998 £'000
Interest on loans from group undertakings	-	64
	<u>-</u>	<u>64</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1999 £'000	1998 £'000
Auditors' remuneration for audit services	5	5
	<u>5</u>	<u>5</u>

5 Staff costs

	1999 Number	1998 Number
Average monthly number of employees (including executive directors) was	7	7
	<u>7</u>	<u>7</u>

Notes to accounts (continued)

5 Staff costs (continued)

Their aggregate remuneration comprised:

	1999 £'000	1998 £'000
Wages and salaries	443	269
Social security costs	45	41
Other pension costs	81	70
	<u>569</u>	<u>380</u>

Directors' remuneration, interests and transactions

The total amounts for directors' remuneration and other benefits were as follows:

	1999 £'000	1998 £'000
Emoluments	<u>324</u>	<u>296</u>

The emoluments of the directors are paid by other undertakings within the group. The amount of the directors' emoluments shown above are deemed to be in respect of their services to the company having been recharged to the company.

6 Tax on profit on ordinary activities

The tax charge for the period has been reduced to £nil by offsetting losses available elsewhere within the group.

7 Investments

	Subsidiary undertakings £'000
<i>Cost and net book value</i>	
At 1 January and 31 December 1999	<u>36,842</u>

In the opinion of the directors, the value of these investments is not less than the value recorded in the accounts.

Notes to accounts (continued)

7 Investments (continued)

Investments in subsidiary undertakings comprise:

	Principal activity	Holding	%
*ANC Rental Corporation (Properties) Limited	Holding company	100 £1 ordinary shares	100
*ANC Rental Corporation (Insurances) Limited	Insurance and reinsurance	250,000 £1 ordinary shares	100
*Diplema 272 Limited	Dormant	2 £1 ordinary shares	100
*Diplema 274 Limited	Dormant	2 £1 ordinary shares	100
*ANC Rental Pension Scheme Trustees Ltd	Dormant	2 £1 ordinary shares	100
*Diplema Spain S.A.	Dormant	2 £1 ordinary shares	100
*Republic Industries Automotive Rental Group (Holland) B.V.	Vehicle rental	4002 NLG 10 ordinary shares	100
ANC Rental Corporation (UK) Limited	Vehicle rental	1,000 £1 ordinary shares	100
*Provincial Assessors Limited	Accident damage assessment	2 £1 ordinary shares	100
ANC Rental Corporation (Franchising) Limited	Franchising of vehicle rental systems	8,000 £1 ordinary shares	100
Provincial Securities Limited	Dormant	4 £1 ordinary shares	100

*denotes directly held subsidiaries.

All of the above subsidiaries are companies registered in England and Wales with the exception of ANC Rental Corporation (Insurances) Limited and Republic Industries Automotive Rental Group (Holland) B.V., which are registered in Guernsey and Holland respectively.

Subsequent to the year end the company increased its investment in ANC Rental Corporation (Properties) Limited, with the acquisition of an additional 30,000,000 £1 ordinary shares at par.

8 Debtors

	1999 £'000	1998 £'000
Amounts owed by group undertakings	7,577	6,616
Other debtors	2,070	2,063
	<u>9,647</u>	<u>8,679</u>

Notes to accounts (continued)

9 Creditors: Amounts falling due within one year

	1999 £'000	1998 £'000
Bank overdraft	-	1,474
Amounts owed to subsidiary undertakings	110	78
Other creditors	345	635
Accruals and deferred income	4	135
	<u>459</u>	<u>2,322</u>

The bank overdraft is secured by a floating charge over all of the assets of the company.

10 Deferred taxation

There is no provided or unprovided deferred taxation at 31 December 1999 (1998 - £nil).

11 Called-up share capital

	1999 £'000	1998 £'000
<i>Authorised</i>		
72,000,000 ordinary shares of 5p each	<u>3,600</u>	<u>3,600</u>
<i>Allotted, called-up and fully-paid:</i>		
49,238,158 ordinary shares of 5p each	<u>2,462</u>	<u>2,462</u>

Subsequent to the year end the company increased its authorised share capital to £33,600,000 being 672,000,000 ordinary shares of 5p each and issued 600,000,000 ordinary shares of 5p each at par in consideration for an intercompany loan.

12 Share premium account

	£'000
At 1 January and 31 December 1999	<u>33,686</u>

13 Profit and loss account

	£'000
At 1 January 1999	7,051
Retained profit for the year	<u>2,831</u>
At 31 December 1999	<u>9,882</u>

Notes to accounts (continued)

14 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the period	2,831	102
Opening shareholders' funds	43,199	43,097
Closing shareholders' funds	46,030	43,199

15 Financial commitments

The company had no capital commitments at 31 December 1999 (1998 - £nil).

The company had no annual commitments under non-cancellable operating leases at 31 December 1999 or 31 December 1998.

16 Pension scheme

The company is the principal employer of a funded defined benefit pension scheme established by ANC Rental Corporation Limited known as the ANC Rental Pension Scheme.

Information on the ANC Rental Pension Scheme is contained in the ANC Rental Corporation (Holdings) Limited accounts for the year ended 31 December 1999.

17 Contingent liabilities

The company, along with other undertakings of the ANC Rental Corporation (Holdings) Limited group, has created a guarantee in favour of one finance company in respect of the due payment and performance of certain liabilities and obligations of ANC Rental Corporation (UK) Limited, a subsidiary undertaking.

The company has guaranteed the bank borrowings of certain subsidiary undertakings by a cross guarantee.

The Directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the company.

Notes to accounts (continued)

18 Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is ANC Rental Corporation, a company registered in the United States of America.

The largest group into which the company's results are consolidated is ANC Rental Corporation, the accounts of which are available to the public from The Secretary, ANC Rental Corporation (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR. The smallest group into which the company's results are consolidated is that headed up by ANC Rental Corporation (Holdings) Limited.

Copies of the accounts of ANC Rental Corporation (Holdings) Limited for the year ended 31 December 1999 are available from The Secretary, ANC Rental Corporation (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR.