

PROVINCIAL ASSESSORS LIMITED

Directors' report and financial statements

31 December 1997



PROVINCIAL ASSESSORS LIMITED

Directors G E H Corbett
 I Wardle

Secretary J M Colton

Registered Office James House
 55 Welford Road
 Leicester
 LE2 7AR

Registered Number 2810561

Auditors Arthur Andersen
 1 Victoria Square
 Birmingham
 B1 1BD

DIRECTORS' REPORT

The Directors present their report and financial statements for the 9 month period ended 31 December 1997.

Principal activity

Following the acquisition of the Company's parent, Republic Industries (Holdings) plc (formerly EuroDollar (Holdings) plc), by Alamo Rent A Car (UK) Limited on 2 October 1997, the Company's ultimate parent undertaking became Republic Industries Inc.

The Company's principal activity is that of accident damage assessment and reporting.

Business Review

The Company commenced trading on 1 December 1996 employing 4 engineers. The Directors consider the level of trading to be satisfactory for the period to 31 December 1997 and increased the number of employees to 5 in the early part of 1998. The Directors approved the payment of an interim dividend for the period of £30,000 (year to March 1997 £nil). The Directors do not recommend the payment of a final dividend.

Directors and Directors' interests

The Directors who have served throughout the period are:

I C Mosley (resigned with effect from 6 November 1997)
S C Westoby (resigned with effect from 15 June 1998)
G E H Corbett (appointed with effect from 6 November 1997)
Ian Wardle was appointed as a Director with effect from 15 June 1998

No Director held any beneficial interest in shares or debentures of the Company, its fellow subsidiaries or parent company at 31 December 1997 or at 31 March 1997.

Directors' responsibility statement

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 also have responsibility for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT (continued)

Auditors

Price Waterhouse resigned as auditors of the Company with effect from 25 February 1998.

A resolution to appoint Arthur Andersen as auditors of the Company was approved at a Meeting of the Board of Directors held on 3 March 1998.

By order of the Board

A handwritten signature in dark ink, appearing to read 'J-M Colton', is written over the typed name.

J-M Colton
Secretary

29 October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF PROVINCIAL ASSESSORS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and auditors

As described on page 1 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 1997 and the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants
and Registered Auditors

1 Victoria Square
Birmingham
B1 1BD

29 October 1998

PROFIT AND LOSS ACCOUNT FOR THE 9 MONTHS ENDED 31 DECEMBER 1997

	Note	9 Months to 31 December <u>1997</u>	Year to 31 March <u>1997</u>
		£	£
Turnover	1	278,075	91,000
Cost of sales		(70,775)	(28,902)
		<hr/>	<hr/>
Gross profit		207,300	62,098
Administrative expenses		(55,674)	(20,092)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		151,626	42,006
Tax on profit on ordinary activities	4	-	(10,081)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		151,626	31,925
Dividends on equity shares		(30,000)	-
		<hr/>	<hr/>
Retained profit for the period transferred to reserves	8	121,626	31,925
		<hr/>	<hr/>

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

The notes on pages 6 to 10 form part of these financial statements.

PROVINCIAL ASSESSORS LIMITED

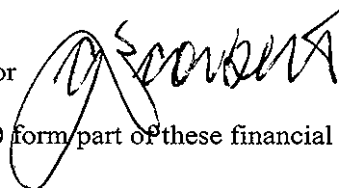
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BALANCE SHEET AT 31 DECEMBER 1997

	Note	31 December <u>1997</u>	31 March <u>1997</u>
		£	£
Current assets			
Debtors	5	153,553	42,008
Creditors: amounts falling due within one year	6	-	(10,081)
		<hr/>	<hr/>
Net current assets		153,553	31,927
		<hr/>	<hr/>
Net assets		153,553	31,927
		=====	=====
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	153,551	31,925
		<hr/>	<hr/>
Shareholders' funds	9	153,553	31,927
		=====	=====
Equity		153,553	31,927
Non-equity		-	-
		<hr/>	<hr/>
Shareholders' funds		153,553	31,927
		=====	=====

These financial statements were approved by the Board of Directors on 29 October 1998 and signed on its behalf by:

G E H Corbett Director



The notes on pages 6 to 10 form part of these financial statements.

NOTES

1. Accounting policies

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

Turnover

Turnover represents the gross amount receivable from inspection fees, exclusive of value added tax. The business is operated entirely within the United Kingdom.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Where possible, the Company will take advantage of group relief provision to offset taxable profits against taxable losses arising in other group undertakings in the period. No payment is made for such group relief.

Pensions

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.

Cash flow statement

The Company has elected to utilise the exemption provided by FRS 1 (Revised) and has not prepared a cash flow statement.

Related party transactions

The Company has taken advantage of the exemption allowed by FRS8 not to disclose related party transactions with companies, 90% or more of whose voting rights are controlled within the group headed up by Alamo Rent A Car (UK) Limited.

NOTES (continued)**2 Remuneration of Directors**

The emoluments of the Directors are borne by other Group undertakings and no specific charges are received by the Company in respect of their services to the Company. The amount of the Directors emoluments which are deemed to be in respect of their services to the Company amount to £nil (year to 31 March 1997 £nil).

3 Employee numbers and costs

	Number of employees	
	9 months to 31 December <u>1997</u>	Year to 31 March <u>1997</u>
Average number of employees all employed in the United Kingdom	4 =====	4 =====

The aggregate payroll costs of these employees were as follows:

	9 Months to 31 December <u>1997</u> £	Year to 31 March <u>1997</u> £
Wages and salaries	58,018	25,593
Social security costs	5,615	1,930
Other pension costs	7,141	1,379
	-----	-----
	70,774 =====	28,902 =====

4 Taxation

	9 Months to 31 December <u>1997</u> £	Year to 31 March <u>1997</u> £
UK corporation tax		
current period charge	31,841	10,081
underprovision prior year	2,861	-
Group relief	(34,702)	-
	-----	-----
	- =====	10,081 =====

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NOTES (continued)

5	Debtors	31 December	31 March
		<u>1997</u>	<u>1997</u>
		£	£
	Amounts owed by fellow subsidiary undertaking	153,553	42,008
		_____	_____
		153,553	42,008
		=====	=====
6	Creditors	31 December	31 March
		<u>1997</u>	<u>1997</u>
		£	£
	Corporation tax	-	10,081
		_____	_____
		-	10,081
		=====	=====
7	Called up share capital	31 December	31 March
		<u>1997</u>	<u>1997</u>
	<u>Authorised</u>		
	100 Ordinary shares of £1 each	£100	£100
		=====	=====
	<u>Allotted and fully paid</u>		
	2 Ordinary shares at £1 each	£2	£2
		=====	=====
8	Reserves	31 December	31 March
		<u>1997</u>	<u>1997</u>
		£	£
	Profit and Loss Account		
	At beginning of period	31,925	-
	Retained profit for the period	121,626	31,925
		_____	_____
	At end of period	153,551	31,925
		=====	=====

NOTES (continued)**9 Reconciliation of movements in shareholders' funds**

	31 December 1997 £	31 March 1997 £
Profit for the period	121,626	31,925
Net addition to shareholders' funds	121,626	31,925
Opening shareholders' funds	31,927	2
Closing shareholders' funds	153,553 =====	31,927 =====

10 Pension Scheme

The Company is a member of a funded defined benefit pension scheme established by Republic Industries (Holdings) plc (formerly EuroDollar (Holdings) plc) and known as the Republic Industries Pension Scheme (formerly EuroDollar Pension Scheme).

Information on the Republic Industries Pension Scheme is contained in the Alamo Rent A Car (UK) Limited financial statements for the year ended 31 December 1997.

11 Contingent liabilities

The Company along with other Group undertakings have created guarantees in favour of two finance companies in respect of the due payment and performance of certain liabilities and obligations of National Car Rental Limited, a fellow subsidiary undertaking.

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

12 Ultimate parent undertaking

The Company's ultimate parent and controlling undertaking is Republic Industries Inc., a company registered in the United States of America.

The largest group into which the Company's results are consolidated is that controlled by Republic Industries Inc. The smallest group into which the Company's results are consolidated is Alamo Rent A Car (UK) Limited.

Copies of the financial statements of Alamo Rent A Car (UK) Limited for the period ended 31 December 1997 are available from The Secretary, Alamo Rent A Car (UK) Limited, James House, 55 Welford Road, Leicester LE2 7AR.

NOTES (continued)

13 Prior Year comparatives

Amounts shown in respect of the prior period which are presented for comparative purposes, were audited by a firm of accountants other than Arthur Andersen.