

FLEETEUROPE

plc

Annual Report And Accounts

FOR THE YEAR ENDED 31st MAY 1998

FleetEurope plc
Victoria Court
17-20 Ashford Road
Maidstone
Kent ME14 5PA

Registered No. 2712473



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Directors and Advisors

Directors	John Yarroll	Managing Director
	Simon Egan	Commercial Director
	Stuart Gunn	Operations Director
	Terence Drane	Sales Director
Secretary	Simon Egan	
Registered Number	2712474 ; incorporated in England in May 1992	
Registered Office	Victoria Court 17-20 Ashford Road Maidstone Kent ME14 5PA	
Registered Auditors	Benjamin, Kay &. Brummer York House Empire Way Wembley Middlesex HA9 0QL	
Solicitors	Davies Lavery Victoria Court 17-20 Ashford Road Maidstone Kent ME14 5PA	
Bankers	National Westminster Bank plc St. Albans Branch 10 St. Peter's Street St. Albans Hertfordshire AL1 3LY	

FleetEurope plc

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st May 1998.

Principal activities

The principal activity of the company is that of vehicle hire, leasing and management.

Business review

The company's balance sheet as detailed on page 7 shows shareholder funds amounting to £210,672

The company has continued to expand its customer base, building upon the foundation established over the past two Years. Turnover has increased in all market sectors. Tight control of administrative expenses has been maintained.

The business plans to continue to increase sales and profitability during the coming year.

Profit, dividends and appropriations

The results for the year are shown on page 6.

The directors do not propose a dividend, [1997: £ nil]. The profit for the year of £102,109 , [1997: £155,383], has been transferred to reserves

Tangible fixed assets

The movement in tangible fixed assets is set out on page 13 in note 9.

Directors

The directors of the company during the year and their interests in the ordinary shares of the company as recorded in the register of directors' share interests were as follows:-

	Class of Share	Number of £1 ordinary shares	
		Interest at end of year	Interest at beginning of year
J. H. Yarroll	Ordinary	65,000	65,000
S. P. Egan	Ordinary	65,000	65,000
S. H. Gunn	Ordinary	20,000	20,000
T. G. Drane	Ordinary	20,000	20,000

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

J.H. Yarroll and S.P. Egan, retire in accordance with the articles of association and being eligible, offer themselves for re-election.

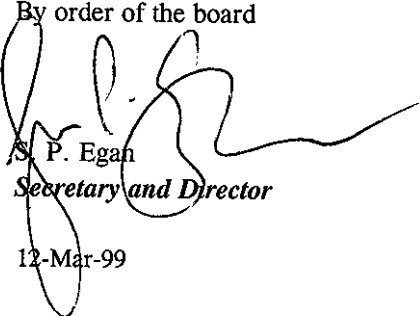
Payment Policy

The company policy is to pay trade creditors within payment terms negotiated, subject to suppliers meeting agreed terms. The number of days purchases in trade creditors as at 31st May 1998 was 61 [1997: 56]

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Benjamin, Kay and Brummer as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



S. P. Egan
Secretary and Director

12-Mar-99

FleetEurope plc

Statement of directors' responsibilities

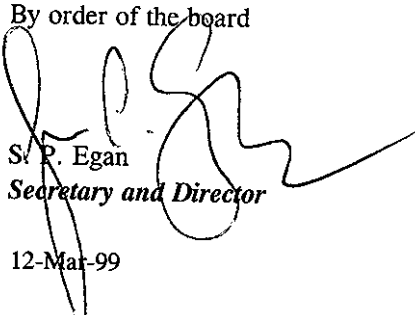
We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, we are required to:-

- ~ select suitable accounting policies and apply them consistently;
- ~ make judgements and estimates that are reasonable and prudent;
- ~ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ~ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding assets of the company and for taking reasonable steps for the prevention of fraud and other irregularities.

By order of the board



S. P. Egan
Secretary and Director

12-Mar-99

FleetEurope plc

Auditors' report to the members of FleetEurope plc

We have audited the financial statements on pages 6 to 17, which have been prepared under the historical cost convention and accounting policies set out in page 10.

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 the 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 error or other irregularity. In forming our opinion we have 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 31st May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Benjamin Kay & Brummer
Registered Auditors
Chartered Accountants

Wembley
12-Mar-99

FleetEurope plc

Profit and loss account *for the year ended 31st May 1998*

	<i>Note</i>	1998 £	1997 £
Turnover	2	2,560,493	2,310,205
Cost of sales		(2,025,551)	(1,787,725)
Gross profit		534,942	522,480
Administrative expenses		(384,860)	(306,880)
Operating profit / (loss)	3	150,082	215,600
Other interest receivable and similar income	6	11,420	3,475
Interest payable and similar charges	7	(53,642)	(63,692)
Profit / (loss) on ordinary activities before taxation		107,860	155,383
Taxation	8	(5,751)	0
Profit / (loss) on ordinary activities after taxation		102,109	155,383
Retained loss brought forward		(61,437)	(216,820)
Retained profit carried forward		40,672	(61,437)
		=====	=====

None of the company's activities were acquired or discontinued during the above two financial years.

There are no other recognised gains and losses in 1998 or 1997 other than the profit for the year.

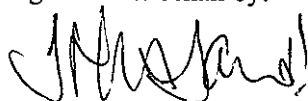
FleetEurope plc

Balance sheet

as at 31st May 1998

	<i>Note</i>	19 98		19 97	
		£	£	£	£
Fixed assets					
Tangible assets	9		843,946		841,092
Current assets					
Debtors: amounts due within one year	10	465,248		448,355	
Cash at bank and in hand		306,262		132,350	
		-----		-----	
		771,510		580,705	
Creditors: amounts due within one year	11	(939,858)		(1,055,630)	
		-----		-----	
Net current liabilities			(168,348)		(474,925)
			-----		-----
Total assets less current liabilities			675,598		366,167
Creditors: amounts due after more than one year	12		(464,926)		(234,621)
Provision for liabilities and charges	13		0		(22,983)
			-----		-----
Net assets / (liabilities)			210,672		108,563
			=====		=====
Capital and reserves					
Called up share capital	14		170,000		170,000
Profit and loss account			40,672		(61,437)
			-----		-----
Equity shareholder's funds			210,672		108,563
			=====		=====

These financial statements on pages 6 to 17 were approved by the board of directors on 12th March 1999 and were signed on its behalf by:-



J. H. Yarroll
Director

FleetEurope plc

Cash flow statement

for the year ended 31st May 1998

	<i>Note</i>	19 98		19 97	
		£	£	£	£
Net cash inflow / (outflow) from operating activities	<i>15</i>		497,451		580,851
Return on investments and servicing of finance					
Interest received		11,420		3,475	
Interest paid		(9,370)		(5,727)	
Interest element of finance lease rentals		(44,271)		(57,964)	
		-----		-----	
Net cash outflow from returns on investment and servicing of finance			(42,221)		(60,216)
Investing activities					
Purchase of tangible fixed assets		(119,660)		(171,394)	
Disposal of tangible fixed assets		443,532		342,876	
		-----		-----	
Net cash outflow from investing activities			323,872		171,482
			-----		-----
Net cash inflow / (outflow) before financing			779,102		692,117
Financing					
New short term loans		95,000		0	
Capital element of finance lease rentals		(659,856)		(552,502)	
Repayment of loan		(40,333)		(25,000)	
		-----		-----	
			(605,189)		(577,502)
			-----		-----
Increase / (decrease) in cash and cash equivalents	<i>16</i>		173,913		114,615
			=====		=====

FleetEurope plc

Reconciliation of movements in shareholders' funds

for the year ended 31st May 1998

	1998	1997
	£	£
Profit / (loss) for the financial year	102,109	155,383
Opening shareholder funds'	108,563	(46,820)
	-----	-----
Closing shareholders' funds	210,672	108,563
	=====	=====

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:-

Motor vehicles are depreciated on a straight line basis to write them down to an estimated residual value at the end of the contract hire term, which in general, is between two and four years.

Computers and fixtures and fittings:- 20% to 33.33% per annum on a straight line basis.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. The present value of future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rentals payable are charged to the profit and loss account on a straight line basis over the life of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

Turnover represents the amounts, (excluding value added tax), derived from the provision of vehicles on contract hire and related services to customers during the year.

All business is transacted in the UK.

FleetEurope plc

Notes

(continued)

3 Operating Profit / (Loss)

	1998 £	1997 £
<i>Operating Profit / (Loss) is stated after charging:-</i>		
Directors' emoluments (see note 4)	166,130	126,850
Auditors' remuneration		
Audit	6,600	6,075
Depreciation and other amounts written off tangible fixed assets		
Owned	36,860	26,832
Leased	185,912	315,919
(Profit) / Loss on sale of tangible fixed assets	(20,958)	24,676
Hire of plant & equipment	913	1,156
Rent of leasehold buildings	20,743	17,700

4 Directors

	1998 £	1997 £
Directors' emoluments:		
Fees	166,130	126,850
Other emoluments	17,237	16,353
	-----	-----
	183,367	143,203
	=====	=====

5 Staff numbers and costs

The average number of persons employed by the company, (including directors), during the year, analysed by category, was as follows:

	Number of employees	
	1998	1997
Sales	1	1
Administration	6	6
	-----	-----
	7	7
	=====	=====

FleetEurope plc

Notes

(continued)

	1998	1997
	£	£
Wages and salaries	227,817	172,328
Social security costs	23,737	18,994
Staff pensions	589	0
	-----	-----
	252,143	191,322
	=====	=====

6 Interest receivable and similar income

	1998	1997
	£	£
Bank interest received	11,420	3,475
	=====	=====

7 Interest payable and similar charges

On bank loans, overdrafts and other loans wholly repayable within five years	9,370	5,727
Finance lease interest repayable within five years	44,271	57,965
	-----	-----
	53,641	63,692
	=====	=====

8 Taxation

Corporation tax for the period at 21.0%	5,751	0
	=====	=====

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Notes

(continued)

9 Tangible Fixed Assets

	Motor Vehicles	Leased Motor Vehicles	Computers	Fixtures & Fittings	Total
	£	£	£	£	£
Cost					
At beginning of year	72,534	1,428,079	60,924	7,597	1,569,134
Additions	90,944	528,539	22,122	6,594	648,199
Disposals	(34,618)	(979,637)	0	0	(1,014,255)
At end of year	128,860	976,981	83,046	14,191	1,203,078
Depreciation					
At beginning of year	27,390	663,019	33,477	4,156	728,042
Charge for year	16,605	185,912	18,122	2,133	222,772
Disposals	(17,977)	(573,705)	0	0	(591,682)
At end of year	26,018	275,226	51,599	6,289	359,132
Net Book Value					
At 31/05/98	102,842	701,755	31,447	7,902	843,946
At 31/05/97	45,144	765,060	27,447	3,441	841,092

The amount of assets held under finance leases and capitalised is :- £976,981 [1997: £1,428,079]

The amount of assets held for use in operating leases is as follows:-

	1998 £	1997 £
Cost	1,079,341	1,474,113
Accumulated depreciation	296,140	685,305
	783,201	788,808

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Notes

(continued)

10 Debtors

	1998	1997
	£	£
Amounts falling due within one year:		
Trade debtors	403,865	425,344
Finance lease debtors	0	13,048
Other debtors	55,700	3,700
Prepayments and accrued income	5,683	6,263
	-----	-----
	465,248	448,355

11 Creditors:- amounts falling due within one year

	1998	1997
	£	£
Bank loans and overdrafts (secured)	41,917	25,000
Obligations under finance leases and hire purchase contracts (see note 12)	284,171	515,234
Trade creditors	460,340	378,399
Other creditors including taxation and social security		
Other taxes and social security	36,228	41,068
Accruals and deferred income	54,636	22,145
Advance rentals	62,566	73,784
	-----	-----
	939,858	1,055,630
	=====	=====

12 Creditors:- amounts falling due after more than one year

	1998	1997
	£	£
Bank loans (secured)	58,583	20,833
Obligations under finance leases and hire purchase contracts	383,072	172,953
Advance rentals	23,271	40,835
	-----	-----
	464,926	234,621
	=====	=====

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Notes

(continued)

12a Bank Loan

	1998 £	1997 £
Repayable: - in one year	41,917	25,000
- between one and two years	19,000	20,833
- between two and five years	39,583	0
	<hr/>	<hr/>
	100,500	45,833
	=====	=====

The bank loan and overdraft are secured by a fixed and floating charge held over the assets of the company under a mortgage debenture dated 2nd November 1993.

12(b) Obligations under finance leases

Obligations under finance leases fall due as follows

	1998 £	1997 £
Within one year	350,594	544,676
In the second to fifth years	469,339	174,002
	<hr/>	<hr/>
	819,933	718,678
	<hr/>	<hr/>
Less future finance charges:		
Due within one year	66,423	29,442
Due in the second to fifth years	86,267	1,049
	<hr/>	<hr/>
	152,690	30,491
	<hr/>	<hr/>
Net amounts:-		
Within one year	284,171	515,234
In the second to fifth years	383,072	172,953
	<hr/>	<hr/>
	667,243	688,187
	=====	=====

13 Provision for liabilities and charges

	1998 £	1997 £
Provision for future revenues costs	0	22,983
	=====	=====

FleetEurope plc

Notes

(continued)

14 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	250,000	250,000
	=====	=====
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	170,000	170,000
	=====	=====

15 Reconciliation of operating profit / (loss) to net cash inflow / (outflow) from operations activities

	1998 £	1997 £
Operating profit / (loss)	150,082	215,600
Depreciation charge vehicles	202,517	330,762
Depreciation charge other fixed assets	20,255	11,989
(Increase) in debtors	(16,893)	(161,875)
Increase / (Decrease) in creditors	162,448	159,699
Profit / (loss) on disposal of motor vehicle	(20,958)	24,676
	-----	-----
Net cash inflow / (outflow) from operating activities	497,451	580,851
	=====	=====

16 Analysis of changes and cash equivalents in the year

	Cash £	Overdraft £	Net £
Balance at 31st May 1997	132,350	0	132,350
	-----	-----	-----
Balance at 31st May 1998	306,263	0	306,263
	-----	-----	-----
	173,913	0	173,913
	=====	=====	=====

FleetEurope plc

Notes

(continued)

17 Analysis of changes in financing during the year

	Loans	Finance Lease Obligations
	£	£
Balance at 31st May 1997	45,833	688,187
Inception of finance lease contracts	-	612,805
New loan	95,000	-
Advance rental payments	-	26,107
Loan repayments	(40,333)	-
Finance lease capital repayments	-	(659,856)
	-----	-----
Balance at 31st May 1998	100,500	667,243
	-----	-----
Change in year	54,667	(20,944)
	=====	=====

18 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st May 1999

	19 98		19 97	
	Land & Buildings	Office Equipment	Land & Buildings	Office Equipment
	£	£	£	£
Expiring				
Within one year	11,174	0	0	0
Within two to five years	0	468	33,424	584
	-----	-----	-----	-----
	11,174	468	33,424	584
	=====	=====	=====	=====