

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

KIDSONS

CHARTERED ACCOUNTANTS

MEMBERS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS

76 74 74

AUTOLEASE LIMITED

31st DECEMBER, 1987

AUTOLEASE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st December, 1987.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £901,771. It is recommended that no dividends be paid and £901,771 be transferred to reserves.

REVIEW OF BUSINESS

The principal activities of the company continue to be those of motor vehicle hirers.

The turnover for the year at £31,502,356 was 35.2% higher than the previous year. Profit on ordinary activities before taxation amounted to £1,020,523 compared with £175,974 in the previous year. Taxation on the profit for the year absorbed £118,752.

The directors consider the state of affairs of the company to be satisfactory.

DIRECTORS

The following were directors of the company at 31st December, 1987:

Mr. T.C. Cannon) Director of B.S.G. International plc
Mr. J.B. Tustain
Mr. T.J. Jones
Mr. K.B. Hall
Mr. A. Guest
Mr. J. Haynes

Mr. D. Bourne resigned as a director on 14th September, 1987.

Mr. A. Guest and Mr. J. Haynes were appointed directors on 28th September, 1987.

All the other directors served for the whole of the year.

In accordance with the Articles of Association none of the directors retire.

AUTOLEASE LIMITED

DIRECTORS' REPORT

DIRECTORS' SHAREHOLDINGS

None of the directors have any beneficial interest in the share capital of the company.

The beneficial interests of the directors in the shares of B.S.G. International plc (other than directors of that company) are set out below:

<u>Director</u>	<u>Ordinary shares of 10p each</u>	
	<u>1987</u>	<u>1986</u>
Mr. J.B. Tustain	13,767	33,767

The directors (other than directors of the parent company) holding options under the B.S.G. International plc Executive Share Option Scheme 1985 are:

	<u>Ordinary shares of 10p each</u>	
	<u>1987</u>	<u>1986</u>
Mr. J.B. Tustain	200,000	150,000

FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the financial statements.

CLOSE COMPANY PROVISIONS

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1970 as amended.

AUDITORS

The auditors, Messrs. Kideons, Chartered Accountants, have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

Registered Office:

Burgess House,
1270 Coventry Road,
Yardley,
Birmingham B25 8BT

25th March, 1988

By Order of the Board,

- R. Thorne,

for B.S.G. Secretarial Services Limited,

Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF
AUTOLEASE LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December, 1987 and of its result for the year ended on that date and comply with the Companies Act 1985. The financial statements do not show the manner in which the operations of the company have been financed or in which its financial resources have been used during the year as required by Statement of Standard Accounting Practice No.10 as such information is of little value as a result of the parent company's financial structuring of its subsidiary companies.

BIRMINGHAM

25th March, 1988

KIDSONS,

Chartered Accountants

AUTOLEASE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1987

1986

	<u>Note</u>	<u>£</u>	<u>£</u>
TURNOVER	2	31,502,356	23,294,532
Cost of sales		(29,510,956)	(22,431,043)
GROSS PROFIT		1,991,400	863,489
Administrative expenses		(1,535,782)	(1,197,160)
TRADING LOSS		455,618	(333,671)
Net interest receivable	3	<u>564,905</u>	<u>509,645</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,020,523	175,974
Taxation	7	<u>(118,752)</u>	<u>(65,275)</u>
RETAINED PROFIT FOR THE YEAR	12	<u>901,771</u>	<u>110,699</u>

Notes on financial statements - pages 6 to 10

AUTOLEASE LIMITED

BALANCE SHEET

31st DECEMBER, 19871986

	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible assets	8		324,630		209,319
CURRENT ASSETS					
Debtors	9	11,464,491		6,822,191	
Cash at bank		<u>3,950</u>		<u>13,658</u>	
		11,468,441		6,835,849	
CREDITORS					
Amounts falling due within one year	10	(<u>10,683,824</u>)		(<u>6,827,692</u>)	
NET CURRENT ASSETS (LIABILITIES)			<u>784,617</u>		<u>(1,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,109,247</u>		<u>207,476</u>
CAPITAL AND RESERVES					
Called up share capital	11		550		550
Profit and loss account	12		<u>1,108,697</u>		<u>206,926</u>
			<u>1,109,247</u>		<u>207,476</u>

The financial statements were approved by
the Board of Directors on 25th March, 1988

T.C. Cannon)
) Directors
J.B. Tustain)

Notes on financial statements - pages 6 to 10

AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

1. ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost convention.

b. Depreciation

Depreciation is calculated on cost on a straight line basis to write off the relevant assets over their expected useful lives. The principal annual rates used are as follows:

Vehicles	25%
Office equipment	10%
Computer software	20%-33.33%

c. Deferred taxation:

Deferred taxation is calculated on the liability method in respect of timing differences between profits as stated in the financial statements and as computed for tax purposes. Where it can be shown with reasonable probability that no such liability will become payable in the foreseeable future no provision is made.

d. Leasing

Amounts payable under hire arrangements and operating leases are charged to the profit and loss account on a straight line basis over the period of the hire or lease. Assets held for the company's own use and funded through finance leases have not been capitalised in the balance sheet.

2. TURNOVER

Turnover represents the invoiced value excluding value added tax of services provided to customers.

The turnover and profit before taxation is attributable to the principal activity of the company, being that of motor vehicle hirers.

Turnover relates wholly to the United Kingdom.

3. INTEREST

Interest payable on loans repayable within five years:

Bank overdraft

Interest receivable:

Group company

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
	(74,576)	(110,499)
	639,481	629,144
	<u>564,905</u>	<u>509,645</u>

AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

4. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

	<u>1987</u>	<u>1986</u>
Profit on ordinary activities before taxation is stated after charging:	£	£
Depreciation	96,824	46,034
Loss on sale of fixed assets	1,384	-
Directors' emoluments (see note 5)	167,753	135,221
Auditors' remuneration	10,462	9,116
Hire and lease of plant and vehicles	<u>25,384,070</u>	<u>18,874,139</u>
	<u>1987</u>	<u>1986</u>

5. DIRECTORS' EMOLUMENTS

	<u>£</u>	<u>£</u>
For management (including pension contributions)	<u>165,728</u>	<u>135,221</u>

Emoluments, excluding pension contributions
are analysed as follows:

	<u>N11</u>	<u>N11</u>
Chairmen		
Highest paid director	<u>57,457</u>	<u>51,709</u>
Number of other directors whose emoluments were within the ranges:	<u>Nos.</u>	<u>Nos.</u>
£5,001 - £10,000	2	-
£15,001 - £20,000	1	-
£20,001 - £25,000	-	2
£25,001 - £30,000	1	-
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-

6. STAFF NUMBERS AND COSTS

- a. The average number of persons, including directors, employed by the company during the year was:

	<u>1987</u>	<u>1986</u>
Sales and distribution	20	25
Administration	<u>73</u>	<u>63</u>
	<u>101</u>	<u>88</u>

- b. The aggregate costs of employment were as follows:

	<u>£</u>	<u>£</u>
Wages and salaries	953,348	755,571
Social security costs	92,907	74,576
Pension costs	<u>9,251</u>	<u>6,689</u>
	<u>1,055,506</u>	<u>836,836</u>

The costs of employment shown above are after deducting amounts charged to a fellow subsidiary company.

AUTOLEASE LIMITED
NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
7. TAXATION		
United Kingdom corporation tax at 7.5% (see note) (1986 36.25%)	92,699	65,275
Prior year adjustments: Corporation tax	<u>26,053</u>	<u>-</u>
	<u>118,752</u>	<u>65,275</u>

The United Kingdom corporation tax charge has been reduced by £339,896 being the free surrender of advance corporation tax from B.S.G. International plc.

	<u>Plant, Machinery, Equipment and Motor Vehicles</u>
	<u>£</u>
8. TANGIBLE ASSETS	
Cost:	
1st January, 1987	369,845
Additions	214,020
Disposals	<u>(6,882)</u>
31st December, 1987	<u>576,983</u>
Depreciation:	
1st January, 1987	160,526
Charge for year	96,824
Disposals	<u>(4,997)</u>
31st December, 1987	<u>252,353</u>
Net book value:	
31st December, 1987	<u>324,630</u>
31st December, 1986	<u>209,319</u>

AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

9.	DEBTORS	<u>1987</u>	<u>1986</u>
	Amounts falling due within one year:	<u>£</u>	<u>£</u>
	Trade debtors	925,023	816,679
	Amounts owed by fellow subsidiaries	9,049,638	5,171,126
	Prepayments	<u>1,489,830</u>	<u>834,386</u>
		<u>11,464,491</u>	<u>6,822,191</u>
10.	CREDITORS	<u>1987</u>	<u>1986</u>
	Amounts falling due within one year:	<u>£</u>	<u>£</u>
	Bank overdraft (see note)	2,412,533	2,419,037
	Trade creditors	2,579,841	1,685,388
	Amount owed to parent company	307,467	331,746
	Amounts owed to fellow subsidiaries	-	3,485
	Corporation tax payable	157,234	203,463
	Other taxes	509,581	116,170
	Accruals and deferred income	<u>4,657,168</u>	<u>2,078,403</u>
		<u>10,683,824</u>	<u>6,837,692</u>

Note: The bank overdraft is secured by fixed and floating charges on the company's assets.

		<u>Authorised</u>	<u>Issued and Fully Paid</u>
11.	CALLED UP SHARE CAPITAL (1987 and 1986)	<u>£</u>	<u>£</u>
	Ordinary shares of £1 each	1,000	550
12.	PROFIT AND LOSS ACCOUNT		<u>£</u>
	Balance 1st January, 1987		206,926
	Retained profit for the year		<u>901,771</u>
	Balance 31st December, 1987		<u>1,108,697</u>

13. POTENTIAL LIABILITY FOR DEFERRED TAX

There is no potential liability for deferred tax.

14. TRANSACTIONS INVOLVING DIRECTORS

Directors' interest in contracts

No director has had any beneficial interest in any material contract to which the company was a party.

AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1987

15. CAPITAL COMMITMENTS

Commitments under leases entered into, but not yet provided for in the financial statements at 31st December, 1987 amounted to £167,444 (1986 £Nil).

16. CONTINGENT LIABILITIES

- a. A reciprocal guarantee has been given for the bank overdraft of a fellow subsidiary company which at 31st December, 1987 amounted to £615,342 (1986 £293,392).
- b. At 31st December, 1987 the company was contractually bound to pay future rentals to finance companies in connection with vehicle leasing agreements arranged for customers. The sums payable are secured by various charges over agreements made between the company and its customers which in the ordinary course of business provide the means by which future rental liabilities can be met.

17. LEASING OBLIGATIONS

Payments due in 1988 under operating leases, analysed by date of lease expiry, are as follows:

	<u>Plant, machinery equipment and motor vehicles</u>
Date of lease expiry:	<u>£</u>
1988	2,377
1989 to 1992 inclusive	<u>13,015</u>
Total payable in 1988	<u>15,392</u>

Amounts payable under finance lease obligations are due in the following years:

	<u>Total</u>
	<u>£</u>
1988	284,109
1989 to 1992 inclusive	<u>271,713</u>
	555,822
<u>Less</u> Finance charges allocated to future periods	<u>(56,749)</u>
Net obligations at 31st December, 1987	<u>499,073</u>

18. ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of H.S.G. International plc, a company incorporated in England.