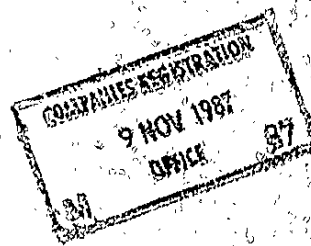


767474

# Financial Statements

AUTOLEASE LIMITED

31st DECEMBER, 1986



## KIDSONS

CHARTERED ACCOUNTANTS

A MEMBER FIRM OF DFK INTERNATIONAL

AUTOLEASE LIMITED

31st DECEMBER, 1986

AUTOLEASE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31st December, 1986.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £110,699. It is recommended that no dividends be paid and that the profit of £110,699 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 £23,294,532 was 34% higher than the previous year. Profit on ordinary activities before taxation amounted to £175,974 compared with £53,855 in the previous year, an increase of £122,119. Taxation on the profit for the year absorbed £65,275.

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

DIRECTORS

The following who served throughout the year were directors of the company at 31st December, 1986:

Mr. T.C. Cannon - Director of B.S.G. International plc  
Mr. J.B. Tustain  
Mr. T.J. Jones  
Mr. K.B. Hall  
Mr. D. Bourne

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>	Ordinary shares of 10p each	
	<u>1986</u>	<u>1985</u>
Mr. J.B. Tustain	33,767	29,600

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

	Ordinary shares of 10p each	
	<u>1986</u>	<u>1985</u>
Mr. J.B. Tustain	150,000	150,000

FIXED ASSETS

The movements in fixed assets during the year are set out in note 9 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. Kidsons, 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

30th March, 1987

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, 1986 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

30th March, 1987

KIDSONS,

Chartered Accountants

AUTOLEASE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31st DECEMBER, 1985

1985

	<u>Note</u>	<u>£</u>	<u>£</u>
TURNOVER	2	23,294,532	17,317,676
Cost of sales		(22,431,043)	(16,683,251)
GROSS PROFIT		863,489	634,425
Administrative expenses		(1,197,160)	(1,023,882)
TRADING LOSS		(333,671)	(389,457)
Net interest receivable	3	509,645	443,312
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	175,974	53,855
Taxation	7	(65,275)	(82,747)
PROFIT (LOSS) FOR THE YEAR		110,699	(28,892)
Dividends	8	-	(100,000)
RETAINED PROFIT (LOSS) FOR THE YEAR	13	110,699	(128,892)

Notes on financial statements - pages 6 to 10

AUTOLEASE LIMITED

BALANCE SHEET

31st DECEMBER, 1986

1985

	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible assets	9		209,319		127,414
CURRENT ASSETS					
Debtors	10	6,822,191		6,122,177	
Cash at bank		<u>13,658</u>		<u>-</u>	
		6,835,849		6,122,177	
CREDITORS					
Amounts falling due within one year	11	(6,837,692)		(6,152,814)	
NET CURRENT LIABILITIES			(1,843)		(30,637)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>207,476</u>		<u>96,777</u>
CAPITAL AND RESERVES					
Called up share capital	12		550		550
Profit and loss account	13		<u>206,926</u>		<u>96,227</u>
			<u>207,476</u>		<u>96,777</u>

The financial statements were approved by the Board of Directors on 30th March, 1987

T.C. Cannon )

) Directors

J.B. Tustain )

Notes on financial statements - pages 6 to 10

# AUTOLEASE LIMITED

## NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1986

### 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

	<u>1986</u>	<u>1985</u>
Interest payable on loans repayable within five years:	<u>£</u>	<u>£</u>
Bank overdraft	(119,499)	(179,679)
Interest receivable:		
Group company	<u>629,144</u>	<u>622,991</u>
	<u>509,645</u>	<u>443,312</u>



AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1986

4. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

	<u>1986</u>	<u>1985</u>
Profit on ordinary activities before taxation is stated after charging:	<u>£</u>	<u>£</u>
Depreciation	46,034	31,296
Loss on sale of fixed assets	-	148,000
Directors' emoluments (see note 5)	135,221	111,476
Auditors' remuneration	9,116	6,600
Hire and lease of plant and vehicles	18,874,139	13,935,632
Exceptional item - Loss on disposal of acquired fleet	<u>-</u>	<u>99,240</u>
	<u>1986</u>	<u>1985</u>

5. DIRECTORS' EMOLUMENTS

	<u>£</u>	<u>£</u>
For management (including pension contributions)	<u>135,221</u>	<u>111,476</u>

Emoluments, excluding pension contributions  
are analysed as follows:

Chairmen	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>51,709</u>	<u>42,213</u>
Number of other directors whose emoluments were within the ranges:	<u>Nos.</u>	<u>Nos.</u>
£0 - £5,000	-	2
£15,001 - £20,000	-	2
£20,001 - £25,000	2	-
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-

6. STAFF NUMBERS AND COSTS

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

	<u>1986</u>	<u>1985</u>
Sales and distribution	25	16
Administration	<u>63</u>	<u>59</u>
	<u>88</u>	<u>75</u>

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

	<u>£</u>	<u>£</u>
Wages and salaries	755,571	599,111
Social security costs	74,576	55,823
Pension costs	<u>6,689</u>	<u>6,514</u>
	<u>836,836</u>	<u>661,448</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, 1986

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
7. TAXATION		
United Kingdom corporation tax at 36.25% (1985 41.25%)	65,275	138,188
Prior year adjustments:		
Corporation tax	<u>-</u>	<u>(55,441)</u>
	<u>65,275</u>	<u>82,747</u>
	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
8. DIVIDENDS		
Ordinary shares at £Nil per share (1985 £181.82)	<u>-</u>	<u>100,000</u>
		<u>Plant, Machinery, Equipment and Motor Vehicles</u>
9. TANGIBLE ASSETS		
Cost:		<u>£</u>
1st January, 1986		180,824
Additions		126,055
Inter-company transfer		<u>3,350</u>
31st December, 1986		<u>310,229</u>
Depreciation:		
1st January, 1986		53,410
Charge for year		46,034
Inter-company transfer		<u>1,466</u>
31st December, 1986		<u>100,910</u>
Net book value:		
31st December, 1986		<u>209,319</u>
31st December, 1985		<u>127,414</u>

AUTOLEASE LIMITED

NOTES ON FINANCIAL STATEMENTS

31st DECEMBER, 1986

10. DEBTORS	<u>1986</u>	<u>1985</u>
Amounts falling due within one year:	<u>£</u>	<u>£</u>
Trade debtors	816,679	1,837,594
Amount owed by parent company	-	33,082
Amounts owed by fellow subsidiaries	5,171,126	3,504,938
Taxes recoverable	-	73,891
Prepayments	<u>834,386</u>	<u>672,672</u>
	<u>6,822,191</u>	<u>6,122,177</u>

11. CREDITORS	<u>1986</u>	<u>1985</u>
Amounts falling due within one year:	<u>£</u>	<u>£</u>
Bank overdraft (see note)	2,419,037	2,528,073
Trade creditors	1,685,388	1,590,160
Amount owed to parent company	331,746	-
Amounts owed to fellow subsidiaries	3,485	58,519
Corporation tax payable	203,463	558,123
Other taxes	116,170	-
Accruals and deferred income	<u>2,078,403</u>	<u>1,417,939</u>
	<u>6,837,692</u>	<u>6,152,814</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>
12. CALLED UP SHARE CAPITAL (1986 and 1985)	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	1,000	550
13. PROFIT AND LOSS ACCOUNT		<u>£</u>
Balance 1st January, 1986		96,227
Retained profit for the year		<u>110,699</u>
Balance 31st December, 1986		<u>206,926</u>

14. POTENTIAL LIABILITY FOR DEFERRED TAX

There is a potential liability for deferred tax in respect of £25,895 accelerated capital allowances, but there is advance corporation tax of £19,849 which is to be allocated by B.S.G. International plc leaving a net potential liability of £6,046.

15. 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, 1986

16. CAPITAL COMMITMENTS

There were no capital expenditure commitments at 31st December, 1986 (1985 £Nil).

17. CONTINGENT LIABILITIES

- a. A reciprocal guarantee has been given for the bank overdraft of a fellow subsidiary company which at 31st December, 1986 amounted to £293,392 (1985 £Nil).
- b. At 31st December, 1986 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.

18. LEASING OBLIGATIONS

Payments due in 1987 under operating leases, analysed by date of lease expiry, are as follows:

	<u>Plant, machinery equipment and motor vehicles</u>
	<u>1986</u>
Date of lease expiry:	<u>£</u>
1987	6,571
1988 to 1991 inclusive	<u>16,332</u>
Total payable in 1987	<u>22,903</u>

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

	<u>Total</u>
	<u>1986</u>
	<u>£</u>
1987	272,714
1988 to 1991 inclusive	<u>292,620</u>
	565,334
<u>Less</u> Finance charges allocated to future periods	<u>(31,649)</u>
Net obligations at 31st December, 1986	<u>533,685</u>

19. ULTIMATE HOLDING COMPANY

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