

DIAL CONTRACTS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1991

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DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS

(Company Registration Number: 707749)

The Directors present their report and the audited financial statements for the year ended 31 December 1991.

ACTIVITIES

The principal activity of the company is the provision of vehicle management services including vehicle acquisition, contract hire, leasing and fleet management and this is likely to remain so for the foreseeable future.

RESULTS FOR THE YEAR

The company's loss for the year from ordinary activities after taxation amounted to £5,007,000 (1990: £6,364,000) and has been transferred from reserves. The Directors recommend that no dividend will be declared for the year.

POST BALANCE SHEET EVENT

On 1 January 1992, the business was merged with that of Network Vehicles Limited (also a subsidiary of Barclays PLC) and the net assets of that company were transferred to Dial Contracts Limited at net book value as at that date.

FIXED ASSETS

Significant changes in fixed assets are set out in notes 7 and 9 to the financial statements.

DIRECTORS

The Directors of the company during the year were:

JE Yardley	Chairman
CR Brightwell	
SA Bullard	(appointed 1 June 1991)
SW Clarke	
PJ Dunkley	(appointed 18 January 1991)
ANR Elliott	(resigned 31 January 1991)
RM Huet-Gundill	
JN Lewis	
MJ Porter	(appointed 7 May 1991)

POLICY ON DISABLED EMPLOYMENT

The company continues to take steps to increase employment opportunities for disabled people. Should existing employees become disabled, every help is given to ensure their continued employment wherever possible.

DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYMENT POLICY

The company maintains policies aimed at informing employees of, and involving them in matters relating to the company's activities and performance, as appropriate to their employment.

Participation in the Barclays PLC profit sharing scheme is also open to all eligible employees.

DIRECTORS' INTERESTS

The Directors holding office at the end of the year and their beneficial interests in relevant shares or debentures as disclosed by the register kept under the provisions of Section 325 of the Companies Act 1985 are listed below, except where they were also directors of the company's immediate holding company:

	Ordinary Stock Units of £1 each in Barclays PLC	
	At 31 December 1991	At 1 January 1991 or date of appointment if later
CR Brightwell	5,084	4,698
SA Bullard	-	-
SW Clarke	3,866	3,548
PJ Dunkley	2,042	1,704
RM Huet-Gundill	-	-
JN Lewis	1,558	1,492
MR Porter	-	-

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Price Waterhouse as Auditors of the company will be put to the Annual General Meeting.

By Order of the Board


SW Clarke
Secretary

4 March 1992

Dial House
Burston Road
Upper Richmond Road
London SW15 6SD

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
DIAL CONTRACTS LIMITED**

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1991 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

4 March 1992

DIAL CONTRACTS LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1991**

	<u>Notes</u>	<u>1991</u> £'000	<u>1990</u> £'000
TURNOVER	2	92,981	57,049
COST OF SALES		<u>(50,231)</u>	<u>(29,439)</u>
GROSS PROFIT		42,750	27,610
Distribution costs		(3,058)	(1,613)
Administrative expenses		(10,890)	(8,233)
Exceptional item	3	(6,100)	(6,300)
Other operating income		1,252	365
Income from Shares in Group Undertakings		-	300
Interest payable	4(1)	<u>(30,385)</u>	<u>(21,908)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4(2)	(6,431)	(9,779)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	6(1)	<u>1,424</u>	<u>3,415</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(5,007)	(6,364)
Extraordinary item		<u>-</u>	<u>6,250</u>
RETAINED LOSS TRANSFERRED TO RESERVES	14	<u>(5,007)</u>	<u>(114)</u>

DIAL CONTRACTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1991

	<u>Notes</u>	<u>1991</u> £'000	<u>1990</u> £'000
FIXED ASSETS			
Tangible assets	7	577	312
Investment in group undertakings	8	4,531	4,531
Operating lease assets	9	<u>167,927</u>	<u>105,053</u>
		173,035	109,896
CURRENT ASSETS			
Debtors	10	102,931	95,252
Cash in hand		<u>62</u>	<u>6</u>
		102,993	95,258
CREDITORS: Amounts falling due within one year	11	<u>(207,443)</u>	<u>(140,655)</u>
NET CURRENT LIABILITIES		(104,450)	(45,397)
TOTAL ASSETS LESS CURRENT LIABILITIES		68,585	64,499
CREDITORS: Amounts falling due after one year	12	(38,882)	(38,250)
PROVISIONS FOR LIABILITIES AND CHARGES	6(2)	-	(2,031)
ACCRUALS AND DEFERRED INCOME	13	<u>(21,326)</u>	<u>(10,834)</u>
NET ASSETS		<u>8,377</u>	<u>13,384</u>
CAPITAL AND RESERVES			
Called up share capital - 222,222 authorised, allotted and full paid ordinary £1 shares	14	222	222
Share premium account	14	4,403	4,403
Profit and loss account	14	<u>3,752</u>	<u>8,759</u>
		8,377	13,384

Approved by the Board on
4 March 1992

JE Yardley  CHAIRMAN

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991

1 ACCOUNTING POLICIES

(1) Basis of accounting

The company prepares its accounts on the historical cost basis of accounting and in accordance with applicable accounting standards.

(2) Income recognition

The profit and loss account is credited with income from:

- a Operating leases, using the straight line basis which apportions income evenly over the period of the leases.
- b Finance leases and hire purchase agreements, using the actuarial method to give a constant periodic rate of return on the net cash investment.
- c Other operating income, on an accruals basis.

(3) Depreciation

The straight line basis of calculation is used to provide depreciation as follows:

Operating lease assets - over expected useful lives to estimated residual values.

Plant, equipment and office furniture - 20% per annum on cost.

Computer equipment - 20% per annum on cost.

(4) Assets acquired under hire purchase contracts

Assets acquired under hire purchase contracts are capitalised at the total amount of instalments payable under the hire purchase agreement (excluding finance charges) and depreciated in accordance with note (3) above. Finance charges are written off over the period of the agreement in reducing amounts in relation to the capital outstanding.

(5) Manufacturers discounts receivables

Discounts receivable from manufacturers on the purchase of motor vehicles are deducted from the cost of acquisition of the vehicles.

(6) Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on the timing differences which exist between the treatment of certain items for accounts purposes and their treatment for taxation purposes except where, in the opinion of the Directors, no liability to taxation is expected to arise in the foreseeable future.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Deferred maintenance income

In the case of hire contracts inclusive of vehicle maintenance, part of the rental charged to customers is in respect of maintenance costs to be incurred during the contract period. The excess of maintenance rental charged to date over expenditure incurred to date, is carried forward to the subsequent accounting periods to off-set the increased maintenance costs likely to arise in the remainder of the contract period. Any excess of maintenance costs incurred on a vehicle at 31 December over the estimate of costs to be incurred by that date is written off.

(8) Pension costs

In arriving at the loss before taxation the costs of providing pensions are assessed and charged on a regular basis in accordance with the advice of independent professionally qualified actuaries.

(9) Cash flow statement

The company's ultimate parent company has elected to adopt early the provisions of Financial Reporting Standard 1 ("FRS 1"), Cash Flow Statements. Accordingly the company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in FRS 1 and not produce a Cash Flow Statement.

2 TURNOVER

Turnover represents the total of the gross earnings for the year on finance leases in accordance with the policy in Note 1(2) and rentals receivable from operating leases after deduction of the maintenance element of rentals in accordance with the policy in Note 1(7). The total rentals receivable from operating leases amounted to £76,097,379 (1990 - £47,340,000). The sole market supplied was the United Kingdom

3 EXCEPTIONAL ITEM

	<u>1991</u>	<u>1990</u>
	£'000	£'000
Additional depreciation in respect of operating lease assets	6,100	6,300
	<u> </u>	<u> </u>

4 LOSS ON ORDINARY ACTIVITIES

	<u>1991</u>	<u>1990</u>
	£'000	£'000

This is arrived at after charging:

(1) Interest

Interest payable on bank overdraft	583	162
Interest payable on amounts due to group undertakings	29,684	21,702
Hire purchase finance charges	<u>118</u>	<u>44</u>
	30,385	21,908
	<u> </u>	<u> </u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

4 LOSS ON ORDINARY ACTIVITIES (CONTINUED)

(2) <u>Other charges</u>	<u>1991</u> £'000	<u>1990</u> £'000
Depreciation of operating lease assets	46,610	26,796
Depreciation of fixed assets	<u>749</u>	<u>280</u>
	<u>47,359</u>	<u>27,076</u>
<p>Depreciation of operating lease assets includes a depreciation charge of £913,000 (1990 - £120,000) relating to assets acquired under hire purchase contracts.</p>		
Auditors' remuneration	40	19
Staff costs:		
Wages and salaries	4,618	3,336
Social security costs	381	237
Other pension costs	<u>345</u>	<u>239</u>
	<u>5,344</u>	<u>3,812</u>
	<u>Number</u>	<u>Number</u>
Average number of employees	<u>274</u>	<u>181</u>

5 DIRECTORS' EMOLUMENTS

	<u>1991</u> £'000	<u>1990</u> £'000
Salaries including pension contributions	427	224
Compensation for loss of office	26	75
	<u> </u>	<u> </u>
<p>Analysis of Directors' emoluments (excluding pension fund contributions):</p>		
Chairman	£115,057	£Nil
	<u> </u>	<u> </u>
Highest paid Director	£115,057	£80,330
	<u> </u>	<u> </u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

5 DIRECTORS' EMOLUMENTS (CONTINUED)

	<u>1991</u>	<u>1990</u>
	Number	Number
Other Directors within the range:		
£Nil - £5,000	2	2
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£30,001 - £35,000	2	-
£45,001 - £50,000	1	2
£65,001 - £70,000	1	-
£70,001 - £75,000	1	-

6 TAXATION

Taxation is based on UK Corporation Tax at an average rate of 33.25%

	<u>1991</u>	<u>1990</u>
	£'000	£'000
(1) The charge/(credit) in the profit and loss account represents:		
Corporation tax	2,485	(977)
Adjustment in respect of prior years	<u>(342)</u>	<u>-</u>
	2,143	(977)
Transfer from deferred taxation	<u>(3,567)</u>	<u>(2,438)</u>
	<u>(1,424)</u>	<u>(3,415)</u>
(2) Deferred taxation:		
At 1 January 1991	2,031	4,469
Transfer from Camden Contract Hire Limited	1,536	-
Transfer to profit and loss account	<u>(3,567)</u>	<u>(2,438)</u>
At 31 December 1991	<u>-</u>	<u>2,031</u>
Analysis of timing differences:		
Accelerated tax depreciation	1,398	3,424
Less other timing differences	<u>(1,398)</u>	<u>(1,393)</u>
	<u>-</u>	<u>2,031</u>

As at 31 December 1991 there were deferred tax assets not recognised amounting to £1,034,000 (£990,000 nil) relating to other timing differences.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

7	TANGIBLE FIXED ASSETS	<u>Plant, equipment & office furniture</u> £'000								
	<u>Cost</u>									
	At 1 January 1991	2,850								
	Transfer from Camden Contract Hire	521								
	Additions during year	788								
	Disposals during year	<u>(5)</u>								
	At 31 December 1991	<u>4,154</u>								
	<u>Depreciation</u>									
	At 1 January 1991	2,538								
	Transfers from Camden Contract Hire	290								
	Charge for year	749								
	Eliminated in respect of disposals	<u>-</u>								
	At 31 December 1991	<u>3,577</u>								
	<u>Net book value</u>									
	At 31 December 1991	<u>577</u>								
	At 31 December 1990	<u>312</u>								
8	INVESTMENT IN GROUP UNDERTAKINGS	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>1991</u></td> <td style="text-align: center;"><u>1990</u></td> </tr> <tr> <td style="text-align: center;">£'000</td> <td style="text-align: center;">£'000</td> </tr> <tr> <td style="text-align: center;">4,531</td> <td style="text-align: center;">4,531</td> </tr> <tr> <td style="text-align: center;"><u>4,531</u></td> <td style="text-align: center;"><u>4,531</u></td> </tr> </table>	<u>1991</u>	<u>1990</u>	£'000	£'000	4,531	4,531	<u>4,531</u>	<u>4,531</u>
<u>1991</u>	<u>1990</u>									
£'000	£'000									
4,531	4,531									
<u>4,531</u>	<u>4,531</u>									
	Shares at cost									

At 31 December the company held directly the entire share capital of Camden Motors Limited, Network Vehicles Limited and Ringwest Motors Limited, all of which are registered in England.

Group accounts are not presented since the company is a wholly-owned subsidiary of another company incorporated in Great Britain.

In the opinion of the Directors the value of the company's interests in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

9 OPERATING LEASE ASSETS

	<u>£'000</u>
<u>Cost</u>	
At 1 January 1991	150,821
Transferred from Camden Contract Hire	101,088
Additions	83,484
Disposals	<u>(80,631)</u>
At 31 December 1991	<u>254,762</u>
 <u>Depreciation</u>	
At 1 January 1991	45,768
Transferred from Camden Contract Hire	27,872
Charge for year	52,710
Eliminated in respect of disposals	<u>(39,515)</u>
At 31 December 1991	<u>86,835</u>
 <u>Net book value</u>	
At 31 December 1991	<u>167,927</u>
At 31 December 1990	<u>105,053</u>

The net book value of operating lease assets includes an amount of £2,913,000 (1990 - £1,000,000) in respect of assets held under hire purchase contracts.

Operating lease assets include vehicles used by the company with a net book value at 31 December 1991 of £664,000 (1990: £446,000).

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

10 DEBTORS

	<u>1991</u> £'000	<u>1990</u> £'000
Amounts receivable within 1 year:		
Finance lease receivables	59,678	33,616
Hire purchase receivables	8,843	4,401
Trade debtors	10,277	11,648
Amounts owed by group undertakings	2,789	377
Prepayments and accrued income	3,905	1,484
Group relief receivable	<u>-</u>	<u>977</u>
	85,492	52,503
Amounts receivable after 1 year:		
Finance lease receivables	6,631	37,115
Hire purchase receivables	<u>10,808</u>	<u>5,634</u>
	102,931	95,252

The cost of assets purchased for leasing under finance and contract purchase agreements amounted to £38,643,000 (1990 - £49,450,000) and £16,082,000 (1990 - £9,127,000) respectively.

Total gross rentals receivable under finance leases and hire purchase agreements during the year amounted to £37,266,000 (1990 - £34,916,000).

11 CREDITORS

	<u>1991</u> £'000	<u>1990</u> £'000
Amounts payable within 1 year:		
Bank overdraft	2,202	439
Obligations under hire purchase contract:	232	437
Trade creditors	1,342	275
Amounts due to group undertakings	194,693	135,870
Group relief payable	2,998	-
Other creditors including taxation and social security	<u>5,976</u>	<u>3,634</u>
	207,443	140,655

The amounts owing under the hire purchase contracts are secured on the assets financed by the contract.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

12 CREDITORS

	<u>1991</u> £'000	<u>1990</u> £'000
Amounts falling due after more than 1 year:		
Amounts due to group undertakings	38,882	38,250
	<u> </u>	<u> </u>
<p>The amounts due to group undertakings comprised unsecured fixed rate loans at interest rates varying between 10.38% and 15.31%, repayable otherwise than by instalments.</p>		
Over one and under two years	10,870	34,750
Over two and under five years	<u>28,012</u>	<u>3,500</u>
	<u>38,882</u>	<u>38,250</u>

13 ACCRUALS AND DEFERRED INCOME

	<u>1991</u> £'000	<u>1990</u> £'000
Deferred maintenance income (Note 1(7))	6,491	3,602
Rentals received in advance	11,484	4,367
Other accruals	<u>3,351</u>	<u>2,865</u>
	<u>21,326</u>	<u>10,834</u>

14 SHARE CAPITAL AND RESERVES

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Profit/Loss Account</u> £'000
At 1 January 1991	222	4,403	8,759
Movement for the year	<u>-</u>	<u>-</u>	<u>(5,007)</u>
At 31 December 1991	<u>222</u>	<u>4,403</u>	<u>3,752</u>

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

15 CAPITAL COMMITMENTS

	<u>1991</u> £'000	<u>1990</u> £'000
Motor vehicles for future hire under operating and finance leases ordered but not delivered	6,357	7,765

16 COMMITMENTS

	<u>Leasehold Property</u> <u>1991</u> £'000
At 31 December 1991 the company had annual commitments under operating leases expiring after 5 years as follows	688

17 PENSIONS

The company operates a non-contributory pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recently completed valuation was at 31 May 1987 as the valuation due at 31 May 1990 was deferred until resolution of the effects of the Group reorganisation on the scheme. It is the opinion of the Directors that the current level of funding is sufficient to meet present and future liabilities of the scheme.

The principal actuarial assumptions adopted at the last valuation were that, over the long term, the annual rate of return on new investments would be 1% higher than the annual increase in total pensionable remuneration, 4% higher than the annual increase in present and future pensions in payment and 4.5% higher than the annual increase in dividends receivable. The market value of the scheme at the date of the valuation was £56.1m and the actuarial value of the assets was sufficient to cover 87% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the disclosed valuation.

The pension charge for the period was £345,000 (1990 - £239,000).

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

18 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Barclays PLC, a company registered in England, which is the parent company of the only group to consolidate the accounts of Dial Contracts Limited. Copies of the group accounts of Barclays PLC may be obtained from:

The Company Secretary
Barclays PLC
54 Lombard Street
London EC3P 3AH