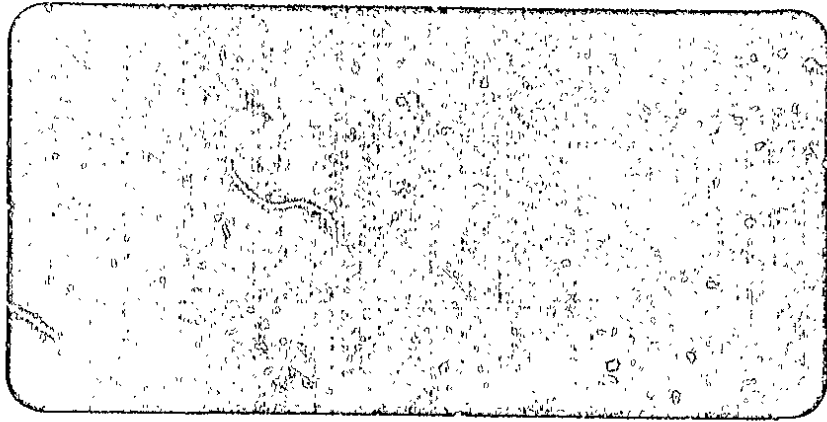


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DIAL CONTRACTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1990

REGISTERED NUMBER 707 749

DIAL CONTRACTS LIMITED**REPORT OF THE DIRECTORS**

The Directors present their report and the financial statements for the year ended 31 December 1990.

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.

During the year, the company disposed of its interest in Dialcard Limited the effect of which is disclosed in note 7 to the accounts.

In December 1990 as part of a reorganisation, the company acquired from Mercantile Services Limited its beneficial interest in Camden Motors Limited. Consideration for the acquisition was the issue of further shares in the capital of Dial Contracts Limited as disclosed in note 15 to the accounts.

RESULTS FOR THE YEAR

The company's loss for the year from ordinary activities after taxation and extraordinary items amounted to £114,000 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 1991, the business was merged with that of Camden Contract Hire Limited (also a subsidiary of Barclays Plc) and the net assets of that company were transferred to Dial Contracts Limited at net book value.

FIXED ASSETS

Significant changes in fixed assets are set out in notes 8 and 10 to the financial statements.

DIAL CONTRACTS LIMITED

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The Directors of the company during the year were:-

J E Yardley	-	Chairman
G A Faulkner	-	(Resigned 14.12.90)
R M Huet-Gundill		
J N Lewis	-	(Appointed 19.11.90)
C R Brightwell	-	(Appointed 19.7.90)
S W Clarke	-	(Appointed 1.1.90)
A N R Elliott	-	(Appointed 1.1.90) (Resigned 31.1.91)

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:-

Ordinary Stock Units of £1 each
in Barclays Plc

	At 31.12.90	At 1.1.90 or date of appointment if later
C R Brightwell	4,698	4,596
S W Clarke	3,548	1,970
A N R Elliott	-	-
R M Huet-Gundill	-	-
J N Lewis	1,492	1,492

BY ORDER OF THE BOARD


S W Clarke

Secretary
Dial House
Burston Road
Upper Richmond Road
London SW15 6SD

DIAL CONTRACTS LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF DIAL CONTRACTS LIMITED

We have audited the financial statements on pages 4 to 18 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 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
London

17 July 1991

DIAL CONTRACTS LIMITED


PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£000	£000
Turnover	2	57,049	49,808
Cost of Sales		(29,439)	(26,456)
Gross Profit		----- 27,610	----- 23,352
Distribution Costs		(1,613)	(1,165)
Administrative Expenses		(8,233)	(4,517)
Exceptional Item	3	(6,300)	-
Other Operating Income		365	1,656
Income from Shares in Group Undertakings		300	460
Release of Provision for diminution in value of Group Undertakings	9	-	283
Interest Receivable from Group Undertakings		-	2,773
Interest Payable	4	(21,908)	(18,785)
Profit/(Loss) on Ordinary Activities before Taxation	4	----- (9,779)	----- 4,057
Taxation on Profit/(Loss) on Ordinary Activities	6(a)	3,415	(1,162)
Profit/(Loss) on Ordinary Activities after Taxation		----- (6,364)	----- 2,895
Extraordinary item	7	6,250	-
Retained Profit Transferred to Reserve	15	----- (114) =====	----- 2,895 =====

DIAL CONTRACTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£000	£000
FIXED ASSETS			
Tangible assets	8	312	420
Investment in group undertakings	9	4,531	1,006
Operating lease assets	10	105,053	97,218
		-----	-----
		109,896	98,644
		-----	-----
CURRENT ASSETS			
Debtors	11	95,252	110,934
Cash in hand		6	4
		-----	-----
		95,258	110,938
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	12	(140,655)	(115,378)
		-----	-----
NET CURRENT LIABILITIES			
		(45,397)	(4,440)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			
		64,499	94,204
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			
	13	(38,250)	(73,668)
PROVISIONS FOR LIABILITIES & CHARGES			
Deferred taxation	5(b)	(2,031)	(4,469)
ACCRUALS AND DEFERRED INCOME			
	14	(10,834)	(7,094)
		-----	-----
NET ASSETS			
		13,384	8,973
		=====	=====
CAPITAL AND RESERVES			
	15		
Called up Share Capital - 222,222 authorised, allotted and fully paid ordinary f1 shares		222	100
Share Premium Account		4,403	-
Profit and Loss Account		8,759	8,873
		-----	-----
		13,384	8,973
		=====	=====


J E Yardley Chairman

Approved by the Board on
17 July 1991

DIAL CONTRACTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR
THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u>	<u>1989</u>
	£000	£000
SOURCE OF FUNDS		
FUNDS GENERATED FROM OPERATIONS		
Profit before taxation	(9,779)	4,057
Adjustment for items not involving the movement of funds:		
Depreciation	33,376	24,488
Release of provision for losses in subsidiary undertaking	-	(283)
	-----	-----
	23,597	28,262
FUNDS FROM OTHER SOURCES		
Net amount arising from disposal of motor vehicles on contract hire	26,016	36,318
Repayment of loan by subsidiary undertaking	50	-
Disposal of investment	7,200	-
Issue of ordinary shares	122	-
Share Premium arising on ordinary shares	4,403	-
	-----	-----
	61,388	64,580
	=====	=====
APPLICATION OF FUNDS		
Acquisition of group undertaking	4,525	-
Purchase of assets for contract hire	66,947	62,340
Purchase of fixed assets	172	314
Taxation paid	3,344	2,159
Dividend paid	-	4,000
	-----	-----
	74,988	68,813
	-----	-----
	(13,600)	(4,233)
	=====	=====
MOVEMENT IN WORKING CAPITAL		
Increase in debtors	9,205	23,637
Decrease/(Increase) in creditors and overdraft	4,926	(2,216)
(Increase) in net amount due to group companies	(23,993)	(25,425)
(Increase) in accruals and deferred income	(3,740)	(231)
Increase in cash	2	2
	-----	-----
	(13,600)	(4,233)
	=====	=====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

1 ACCOUNTING POLICIES

a. Basis of accounting

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

b. Income recognition

The profit and loss account is credited with income from:-

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

c. 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.

d. 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 (c) above. Finance charges are written off over the period of the agreement in reducing amounts in relation to the capital outstanding.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990 (Continued)

1. ACCOUNTING POLICIES (Continued)

e. Manufacturers discounts receivables

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

f. 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.

g. Deferred maintenance income

In 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 offset 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.

h. Pension cost

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.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

2. TURNOVER

Turnover represents the total of the gross earnings for the year on finance leases in accordance with the policy in Note 1 (b) and rentals receivable from operating leases after deduction of the maintenance element of rentals in accordance with the policy in Note 1 (g). The total rentals receivable from operating leases amounted to £47,340,000 (1989 - £42,516,000). The sole market supplied was the United Kingdom.

3. EXCEPTIONAL ITEM

	£000
Additional depreciation in respect of operating lease assets	6,300

	6,300
	=====

LIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1990</u>	<u>1989</u>
	£000	£000
This is arrived at after charging:		
i. Depreciation of operating lease assets	26,796	24,029
Depreciation of fixed assets	280	459
	-----	-----
	27,076	24,488
	=====	=====
Depreciation of operating lease assets includes a depreciation charge of £120,000 (1989 - £341,000) relating to assets acquired under hire purchase contracts.		
ii. Interest payable on bank overdraft	162	129
Interest payable on amount due to group undertakings	21,702	18,632
Hire purchase finance charges	44	24
	-----	-----
	21,908	18,785
	=====	=====
iii. Auditors' remuneration	19	17
iv. Rentals paid under operating leases	-	558
v. Staff costs:		
Wages and salaries	3,336	2,614
Social security costs	237	227
Other pension costs	239	199
	-----	-----
	3,812	3,040
	=====	=====
	<u>1990</u>	<u>1989</u>
	Number	Number
Average number of employees	181	192
	=====	=====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990 (Continued)

5. DIRECTORS' EMOLUMENTS

	<u>1990</u>	<u>1989</u>
	£000	£000
Salaries including pension contributions	224	207
Compensation for loss of office	75	42
	=====	=====
Analysis of Directors' emoluments (excluding pension fund contributions):		
Chairman	NIL	NIL
Highest paid Director	80,330	67,757
	=====	=====
	<u>1990</u>	<u>1989</u>
	Number	Number
Other Directors within the range:-		
£ NIL - £ 5,000	2	3
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£45,001 - £50,000	2	1
£50,001 - £55,000	-	1

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990 (Continued)

6. TAXATION

	<u>1990</u>	<u>1989</u>
	£000	£000
Taxation is based on UK Corporation Tax at an average rate of 35%		
a. The charge in the profit and loss account represents:		
Amount payable in respect of corporation tax	(977)	668
Adjustment in respect of prior years	-	(49)
	-----	-----
	(977)	619
Transfer to/(from) deferred taxation	(2,438)	543
	-----	-----
	(3,415)	1,162
	=====	=====
	<u>1990</u>	<u>1989</u>
	£000	£000
b. Deferred taxation		
At 1 January 1990	4,469	3,926
Transfer from/(to) profit and loss account	(2,438)	543
	-----	-----
At 31 December 1990	2,031	4,469
	=====	=====
Analysis of timing differences:		
Accelerated tax depreciation	3,424	5,874
Less other timing differences	(1,393)	(1,405)
	-----	-----
	2,031	4,469
	=====	=====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

7. EXTRAORDINARY ITEM

£000

Profit on sale of subsidiary undertaking	6,250
	=====

In the opinion of the Directors there will be no taxation effect arising from the sale.

8. TANGIBLE FIXED ASSETS

Plant, equipment &
office furniture1990 1989

£000 £000

COST

At 1 January 1990 2,678 2,364

Additions during year 172 314

At 31 December 1990 2,850 2,678

===== =====

DEPRECIATION

At 1 January 1990 2,258 1,799

Charge for year 280 459

At 31 December 1990 2,538 2,258

===== =====

NET BOOK VALUE

At 31 December 1990 312 420

===== =====

At 31 December 1989 420 565

===== =====

9. INVESTMENT IN GROUP UNDERTAKINGS

1990 1989

£000 £000

Shares at cost 4,531 956

Loan to subsidiary - 50

At 31 December 1990 4,531 1,006

===== =====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

9. INVESTMENT IN GROUP UNDERTAKINGS (Continued)

At 31 December 1990, the company held directly the entire share capital of Ringwest Motors Limited, Network Vehicles Limited, and Camden 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 interest in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

10. OPERATING LEASE ASSETS

	<u>1990</u>
	£000
COST	
At 1 January 1990	132,560
Additions	66,947
Disposals	(48,686)

At 31 December 1990	150,821
	=====
DEPRECIATION	
At 1 January 1990	35,342
Charge for year	33,096
Eliminated in respect of disposals	(22,670)

At 31 December 1990	45,768
	=====
NET BOOK VALUE	
At 31 December 1990	105,053
	=====
At 31 December 1989	97,218
	=====

The net book value of operating lease assets includes an amount of £1,000,000 (1989 - £2,852,000) in respect of assets held under hire purchase contracts.

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

11. DEBTORS

	<u>1990</u>	<u>1989</u>
	£000	£000
Amounts receivable within 1 year:		
Finance lease receivables	33,616	31,631
Hire purchase receivables	4,401	1,890
Trade debtors	11,648	14,950
Amounts owed by group undertakings	377	14,491
Prepayments and accrued income	1,484	477
Corporation tax receivable	977	-
	-----	-----
	52,503	63,439
Amounts receivable after 1 year:		
Finance lease receivables	37,115	32,922
Hire purchase receivables	5,634	2,823
Amounts owed by group undertakings	-	11,750
	-----	-----
	95,252	110,934
	=====	=====

The cost of assets purchased for leasing under finance and contract purchase agreements amounted to £49,450,000 (1989 £41,856,000) and £9,127,000 (1989 £3,537,000) respectively.

Total gross rentals receivable under finance leases and hire purchase agreements during the year amounted to £34,916,000 (1989 £29,585,000).

12. CREDITORS

	<u>1990</u>	<u>1989</u>
	£000	£000
Amounts payable within 1 year:		
Bank overdraft	439	855
Obligations under hire purchase contracts	437	1,444
Trade creditors	275	4,369
Amounts due to group undertakings	135,870	102,991
Corporation tax payable	-	2,676
Other creditors including taxation and social security	3,634	3,043
	-----	-----
	140,655	115,378
	=====	=====

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 1990

(Continued)

13. CREDITORS

	<u>1990</u>	<u>1989</u>
	£000	£000
Amounts falling due after more than 1 year:		
Amounts due to group undertakings	38,250	73,000
Corporation tax	-	668
	-----	-----
	38,250	73,668
	=====	=====

The amounts due to group undertakings comprises unsecured fixed rate loans at interest rates varying between 9.44% and 15%, repayable otherwise than by instalments.

	<u>1990</u>	<u>1989</u>
	£000	£000
Over one and under two years	34,750	49,500
Over two and under five years	3,500	23,500
	-----	-----
	38,250	73,000
	=====	=====

14. ACCRUALS AND DEFERRED INCOME

	<u>1990</u>	<u>1989</u>
	£000	£000
Deferred maintenance income (Note 1(g))	3,602	2,855
Rentals received in advance	4,367	2,762
Other accruals	2,865	1,477
	-----	-----
	10,834	7,094
	=====	=====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

15. SHARE CAPITAL AND RESERVES

	Share Capital	Share Premium	Profit/Loss Account
	£000	£000	£000
At 1 January 1990	100	-	8,873
Movement for the year	122	4,403	(114)
	-----	-----	-----
At 31 December 1990	222	4,403	8,759
	=====	=====	=====

On 21 December 1990 a special resolution was passed to increase the authorised share capital to £222,222 from £100,000, by the creation of 122,222 ordinary shares of £1 each issued fully paid at a premium of £36.02 per share by way of consideration for the purchase of a subsidiary undertaking.

16. CAPITAL COMMITMENTS

	<u>1990</u>	<u>1989</u>
	£000	£000
Expenditure on motor vehicles authorised but not contracted for	7,765	2,021
	=====	=====

17. COMMITMENTS

Leasehold Property

	<u>1990</u>
	£000
At 31 December 1990 the company had commitments under operating leases to make payments in 1991 as follows:	
For leases expiring after 5 years	550

	550
	=====

DIAL CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1990

(Continued)

18. 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 insurance companies. The contributions are determined by a qualified actuary on the basis of triennial valuations. The most recently completed valuation was at 31 March 1987 as the valuation due at 31 March 1990 has been 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 £239,000 (1989 - £199,000).

19. 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