

**RYDER LIMITED**  
**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

Registered number 01019474



# **Ryder Limited**

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## **Ryder Limited**

### **Directors' report**

#### **Year ended 31 December 2011**

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2011

#### **Activities**

The principal activity of the Group and the Company continued to be the provision of industry third party integrated transportation services. These activities include commercial vehicle rental, contract leasing hire, fleet management and dedicated contract carriage. The Company continues to operate in the UK and the Republic of Ireland (through a local branch), with Group operations covering the rest of Europe.

#### **Business review**

On 8<sup>th</sup> June 2011 Ryder Limited acquired 100% of the share capital of Hill Hire Limited (formerly Hill Hire plc) for a nominal fee of £1. In addition, as part of the transaction, Ryder Limited also refinanced the debt of Hill Hire Limited (formerly Hill Hire plc) of £154m which was funded via a revolving credit facility from our ultimate parent Ryder System Inc.

The Group's performance remained solid during the year. Turnover, excluding the acquisition, was ahead of that of the prior year at £147.7m (an increase of 1%). The Group also benefited from the increased revenue generated by Hill Hire Limited (formerly Hill Hire plc) of £56.9m. The overall impact on pre-tax profit is an increase to £19.4m (2010: £11.5m).

The used-vehicle market improved substantially during the year in advance of the London Low Emissions restrictions enforced from January 2012. This factor, in addition to a higher volume of used vehicles sold in the year attributed to an increased profit on disposal of fixed assets of £2.5m (2010: £1.4m).

The pre-tax profit is stated after exceptional costs of £1.4m which were incurred in connection with the integration of the newly acquired Hill Hire Limited (formerly Hill Hire plc) business. Other provisions of £0.4m created in 2009 in connection with the closure of the Supply Chains Solutions Division were released.

The Group's business is made up of elements that are both transactional (i.e. rental) and longer term in their contractual nature (contract hire, logistics and fleet management). Ryder's key business strategy is to leverage its people, processes and systems with continued support from our ultimate parent Ryder System Inc, to provide innovative cost effective solutions for the pan-European transportation market.

#### **Future developments**

The Group has a wide customer base, all of whom will be subject to current economic trends. Ryder continues to monitor and review the actual and potential impact and adjust its operations accordingly. Ryder is committed to continuing to maintain and develop its range of products and services.

#### **Subsequent events**

On 28 March 2012, the recently acquired subsidiary, Hill Hire Limited (formerly Hill Hire plc) was re-registered as a private limited company in order to facilitate the subsequent transfer of its trade and assets at book value to the Company on 31 March 2012 as part of the continuing integration of the business.

Also, on 1 August 2012, Ryder Limited acquired control of 100% of the share capital of the following companies trading as the Euroway Group of Companies:

- Euroway Vehicle Management Limited,
- Euroway Vehicle Contracts Limited,
- Euroway Vehicle Engineering Limited,
- Euroway Vehicle Rental Limited,
- Euroway Group Holdings Limited, and
- Euroway Group Limited

## **Ryder Limited**

### **Directors' report**

**Year ended 31 December 2011**

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#### **Subsequent events (continued)**

Initial consideration for the acquisition was £1.25m. In addition as part of the transaction Ryder Limited also refinanced debt of the companies of £12.5m. This was funded via an existing revolving credit facility.

#### **Principal risks and uncertainties**

The Group's operational risks include maintenance, health and safety and disaster recovery specifically around technology.

Ryder Limited invests in the policies, procedures and people to ensure that its customers' vehicles are maintained to the highest standards, which are reviewed by an independent internal audit group. This control is reflected in the fact that Ryder Limited consistently outperforms the national average for, and is in the upper quartile for the Vehicle & Operator Services Agency's (VOSA) national MOT first rate passes. The management of health and safety risk includes a dedicated health and safety team, risk assessments and operational standard procedures.

In addition Ryder has developed proactive safety systems, which are monitored by online reporting systems and site audits, to ensure that it achieves the highest standard of safety for its employees and customers. Ryder Limited's proactive management of health and safety issues continues to develop within the global business.

The Group's key commercial risks include unprofitable contracts, bad debt and asset utilisation. These risks are mitigated by strong internal controls. Potential new business undergoes a comprehensive profit study with senior management review, while credit assessment is independently co-ordinated. The quality of existing credit has been constantly monitored during 2011; however, days receivable outstanding (DRO) has increased to 36 days following the acquisition of Hill Hire Limited (formerly Hill Hire plc) (2010: 32 days).

Asset management is monitored centrally with utilisation being a key measure. Decision-making is supported via an integrated operating system with timely management reporting.

#### **Financial risk management**

From a financial risk perspective the Group's management of debt finance and hence interest rate risk is co-ordinated via the treasury department of the Group's ultimate parent undertaking, Ryder System Inc. (incorporated in Florida, USA, and whose financial statements are publicly available), who are able to utilise debt markets available to the larger group. The two relevant risks are liquidity and interest rate risk.

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions. Credit lines are available via a global revolving credit facility provided via the parent company and other group financing arrangements. The revolving credit facility was renewed on 9 June 2011 for a 5 year period.

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only bank account balances, which earn interest at variable rates. The Group reviews the debt mixture of fixed rate and variable rate regularly. The current profile is deemed appropriate given the Group's relatively low gearing for the nature of its operation.

# **Ryder Limited**

## **Directors' report Year ended 31 December 2011**

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### **Key performance indicators**

KPI's used to monitor the performance of the business include the following

- Turnover,
- Contract Contribution,
- Costs Per unit,
- Revenue Per Unit,
- Return On Capital,
- Project Return (IRR & NPV),
- Asset Utilisation,
- Bad Debt Provision,
- Health & Safety statistics,
- Employee headcount, turnover and absence,
- Service Levels with customers, and
- Service Levels with suppliers

Financial performance measures are compared to plan and prior year on a regular basis

### **Dividend**

No interim dividend was declared (2010 £nil) The directors do not recommend the payment of a final dividend

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows

Calene Candela  
David Hunt  
Sanford Hodes  
Braden Moll - re-appointed 31 May 2011

### **Directors' indemnities**

The Company maintains liability insurance for its directors and officers

### **Supplier payment policy**

It is the Group's policy to make payments to suppliers of goods and services in line with their stated terms and conditions, provided that the supplier has also complied with all the relevant terms and conditions

Creditor days were an average of 29 days as at 31 December 2011 (2010 25 days)

### **Charitable and political contributions**

Charitable donations of £16,016 were made during the year (2010 £5,098) £15,000 was donated to the Red Cross and the balance represents donations to small local charities No political contributions were made during the year under review (2010 nil)

### **Pensions**

The Company operates a defined benefit pension plan (closed to new members and then closed to all at March 2010) whose assets are independent of the Company finances This scheme is funded by contributions from the employees (until March 2010) and the Company at rates determined by independent actuaries Full actuarial valuations are made at three yearly intervals and contribution rates are set accordingly A new defined contribution plan was opened in April 2010 to replace the defined benefit pension plan with all defined pension plan members being transferred across

A second defined contribution pension plan is available for all new starters and existing employees who are not already members of the defined benefit pension scheme

## **Ryder Limited**

### **Directors' report**

**Year ended 31 December 2011**

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#### **Employment policy**

The Group endeavours to keep its employees fully informed on matters of concern to them as employees and encourages their involvement in initiatives to improve the Group's services and performance. This is achieved through a structured communication programme for the whole organisation including the publication of a semi-annual corporate magazine entitled Ryder 360, and six-weekly updates via a Company newsletter.

Annual management conference and bi-monthly management conference calls reinforce this communication programme, and participating managers are provided with briefing material for their teams on the core messages, results and news affecting the business. Managers are encouraged to participate and raise questions or items for consideration to the Leadership Team.

During 2012, a programme of Employee Surveys (questionnaires) and Focus Group session (face to face meetings) were held with a representative sample of employees to engage with them regarding their experience of the cultural integration process following the acquisition of Hill Hire Limited (formerly Hill Hire plc) in 2011. This was managed by an independent consultancy who shared the results with the Leadership Team. These results have been incorporated into many aspects of the Company's integration approach.

The Group continues to encourage the involvement of employees in its performance by operating a ShareSave scheme, which all employees who have attained 3 months service are invited to join.

#### **Disabled persons**

Applications for employment by disabled persons are fully considered, bearing in mind the abilities of the applicant concerned. Health and safety matters are given special attention by the directors and wherever possible continued employment will be offered to members of staff who become disabled. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Disclosure of information to Auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

#### **Independent Auditors**

The company is not obliged to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board on 26 September 2012



David Hunt

Director

Ryder Limited - registered number 01019474

Unit 1-3, Prince Maurice Court

Hambleton Avenue

Devizes, Wiltshire SN10 2RT

## Ryder Limited

### Statement of directors' responsibilities

Year ended 31 December 2011

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and the Company and to enable them to ensure that its financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board on 26 September 2012



David Hunt  
Director

Ryder Limited - registered number 01019474

# **Independent auditors' report to the members of Ryder Limited**

**Year ended 31 December 2011**

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We have audited the Group and Parent Company financial statements (the "financial statements") of Ryder Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Statement of Consolidated Total Recognised Gains and Losses, the Note of Consolidated Historical Profits and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2011 and of the Group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Independent auditors' report to the members of Ryder Limited (continued)**

**Year ended 31 December 2011**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records or returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all of the information and explanations we require for our audit



Nicholas Gower (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

Date *26 September 2012*

# Ryder Limited

## Consolidated profit and loss account

Year ended 31 December 2011

|   |      | 2011<br>£'000         | 2010<br>£'000 |
|---|------|-----------------------|---------------|
|   |      | Continuing operations | Total         |
|   | Note |                       |               |
| Turnover                                      | 2    | 147,714               | 146,744       |
| Cost of sales                                 |      | (127,389)             | (125,621)     |
| Gross profit                                  |      | 20,325                | 21,123        |
| Administrative expenses                       |      | (9,690)               | (8,274)       |
| Administrative expenses - exceptional items   | 5    | (941)                 | -             |
|   |      | (10,631)              | (13,253)      |
| Operating profit                              |      | 9,694                 | 12,849        |
| Net interest payable and similar charges      | 6    |                       | (8,228)       |
| Other finance income                          | 26   |                       | 2,420         |
| Profit on ordinary activities before taxation | 7    |                       | 19,373        |
| Tax on profit on ordinary activities          | 8    |                       | (6,660)       |
| Profit for the financial year                 | 19   |                       | 12,713        |

The notes on pages 16 to 45 form an integral part of these financial statements

**Ryder Limited****Statement of consolidated total recognised gains & losses****Year ended 31 December 2011**

|  | Note | 2011<br>£'000         | 2010<br>£'000       |
|--|------|-----------------------|---------------------|
| <b>Profit for the financial year</b>                                   |      | <b>12,713</b>         | <b>8,159</b>        |
| Actuarial (loss)/gain on defined benefit pension schemes               | 26   | (27,438)              | 2,251               |
| Movement on deferred tax arising on loss/(gain) in the pension schemes | 19   | 6,859                 | (608)               |
| Currency translation differences on foreign currency net investments   | 19   | (628)                 | (454)               |
| <b>Total gains and losses recognised for the year</b>                  |      | <b><u>(8,494)</u></b> | <b><u>9,348</u></b> |

## **Ryder Limited**

### **Note of consolidated historical cost profits and losses**

**Year ended 31 December 2011**

|   | Note | <b>2011</b><br><b>£'000</b> | <b>2010</b><br><b>£'000</b> |
|---|------|-----------------------------|-----------------------------|
| <b>Reported profit on ordinary activities before taxation</b>   |      | <b>19,373</b>               | 11,521                      |
| Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 19   | <u>17</u>                   | <u>17</u>                   |
| <b>Historical cost profit on ordinary activities before taxation</b>  |      | <b>19,390</b>               | 11,538                      |
| <b>Historical cost profit for the year retained after taxation</b>  |      | <u><b>12,730</b></u>        | <u>8,176</u>                |

# Ryder Limited

## Consolidated balance sheet

Year ended 31 December 2011

|   | Note | 2011<br>£'000         | 2010<br>£'000         |
|---|------|-----------------------|-----------------------|
| <b>Fixed assets</b>   |      |                       |                       |
| Goodwill  | 10   | -                     | -                     |
| Negative Goodwill   | 10   | (1,028)               | -                     |
| Intangible assets   |      | (1,028)               | -                     |
| Tangible assets   | 11   | 309,558               | 142,693               |
|   |      | <u>308,530</u>        | <u>142,693</u>        |
| <b>Current assets</b>   |      |                       |                       |
| Stocks  | 13   | 692                   | 366                   |
| Debtors (including £44,965,000 (2010 £34,264,000) due after one year) | 14   | 96,913                | 61,212                |
| Cash at bank and in hand  |      | <u>10,674</u>         | <u>14,021</u>         |
|   |      | <u>108,279</u>        | <u>75,599</u>         |
| <b>Current liabilities</b>  |      |                       |                       |
| Borrowings  | 15   | (6,332)               | (69,745)              |
| Creditors amounts falling due within one year                         | 16   | (45,377)              | (26,835)              |
|   |      | <u>(51,709)</u>       | <u>(96,580)</u>       |
| <b>Net current assets/(liabilities)</b>                               |      | <u>56,570</u>         | <u>(20,981)</u>       |
| <b>Total assets less current liabilities</b>                          |      | <b>365,100</b>        | <b>121,712</b>        |
| <b>Non-current liabilities</b>  |      |                       |                       |
| Borrowings  | 15   | (236,122)             | (214)                 |
| Creditors amounts falling due after more than one year                | 16   | (2,170)               | (933)                 |
|   |      | <u>(238,292)</u>      | <u>(1,147)</u>        |
| Provisions for liabilities  | 17   | (6,969)               | (6,885)               |
| <b>Net assets excluding pension (liabilities)/assets</b>              |      | <b>119,839</b>        | <b>113,680</b>        |
| Pension (liabilities)/assets  | 26   | (6,332)               | 8,321                 |
| <b>Net assets including pension (liabilities)/assets</b>              |      | <u><b>113,507</b></u> | <u><b>122,001</b></u> |
| <b>Capital and reserves</b>   |      |                       |                       |
| Called up share capital   | 18   | 3,063                 | 3,063                 |
| Share premium account   | 19   | 76,161                | 76,161                |
| Revaluation reserve   | 19   | 1,174                 | 1,191                 |
| Other reserve   | 19   | 299                   | 299                   |
| Profit and loss account   | 19   | <u>32,810</u>         | <u>41,287</u>         |
| <b>Total shareholders' funds</b>                                      | 20   | <u><b>113,507</b></u> | <u><b>122,001</b></u> |

The notes on pages 16 to 45 form an integral part of these financial statements

The financial statements on pages 10 to 45 were approved by the board of directors on 26 September 2012



David Hunt

Director

Ryder Limited - registered number 01019474

# Ryder Limited

## Company balance sheet

Year ended 31 December 2011

|   | Note | 2011<br>£'000         | 2010<br>£'000         |
|---|------|-----------------------|-----------------------|
| <b>Fixed assets</b>   |      |                       |                       |
| Intangible assets   | 10   | -                     | -                     |
| Tangible assets   | 11   | 166,473               | 139,025               |
| Investments   | 12   | 16,047                | 16,048                |
|   |      | <u>182,520</u>        | <u>155,073</u>        |
| <b>Current assets</b>   |      |                       |                       |
| Stocks  | 13   | 309                   | 295                   |
| Debtors (including £38,521,000 (2010 £34,264,000) due after one year) | 14   | 216,261               | 58,905                |
| Cash at bank and in hand  |      | 97                    | 3,859                 |
|   |      | <u>216,667</u>        | <u>63,059</u>         |
| <b>Current liabilities</b>  |      |                       |                       |
| Borrowings  | 15   | (6,332)               | (69,745)              |
| Creditors amounts falling due within one year                         | 16   | (26,917)              | (26,092)              |
|   |      | <u>(33,249)</u>       | <u>(95,837)</u>       |
| <b>Net current assets/(liabilities)</b>                               |      | <u>183,418</u>        | <u>(32,778)</u>       |
| <b>Total assets less current liabilities</b>                          |      | <b>365,938</b>        | <b>122,295</b>        |
| <b>Non-current liabilities</b>  |      |                       |                       |
| Borrowings  | 15   | (236,122)             | (214)                 |
| Creditors amounts falling due after more than one year                | 16   | (2,170)               | (933)                 |
|   |      | <u>(238,292)</u>      | <u>(1,147)</u>        |
| Provisions for liabilities  | 17   | (8,638)               | (6,947)               |
| <b>Net assets excluding pension (liabilities) /assets</b>             |      | <b>119,008</b>        | <b>114,201</b>        |
| Pension (liabilities)/assets  | 26   | (6,332)               | 8,321                 |
| <b>Net assets including pension (liabilities)/assets</b>              |      | <u><b>112,676</b></u> | <u><b>122,522</b></u> |
| <b>Capital and reserves</b>   |      |                       |                       |
| Called up share capital   | 18   | 3,063                 | 3,063                 |
| Share premium account   | 19   | 76,161                | 76,161                |
| Revaluation reserve   | 19   | 1,174                 | 1,191                 |
| Profit and loss account   | 19   | 32,278                | 42,107                |
| <b>Total shareholders' funds</b>                                      | 20   | <u><b>112,676</b></u> | <u><b>122,522</b></u> |

The notes on pages 16 to 45 form an integral part of these financial statements

The financial statements on pages 10 to 45 were approved by the board of directors on 26 September 2012



David Hunt  
Director

Ryder Limited - registered number 01019474

**Ryder Limited****Consolidated cash flow statement****Year ended 31 December 2011**

|  | Note     | 2011<br>£'000 | 2010<br>£'000 |
|--|----------|---------------|---------------|
| <b>Cash flow statement</b>   |          |               |               |
| Cash flow from operating activities  | 21(a)    | 76,101        | 52,580        |
| Return on investments and servicing of finance                                 | 21(b)    | (7,967)       | (3,646)       |
| Taxation   |          | (4,973)       | (1,232)       |
| Capital expenditure and financial investment                                   | 21(b)    | (85,511)      | (38,968)      |
| Acquisitions   | 21(b)    | 962           | -             |
| Cash (outflow)/inflow before financing   |          | (21,388)      | 8,734         |
| Financing  | 21(b)    | 18,154        | (121)         |
| (Decrease)/increase in cash in the year  |          | (3,234)       | 8,613         |
| <b>Reconciliation of net cash flow to movement in net debt</b>                 |          |               |               |
| (Decrease)/increase in cash in the year  |          | (3,234)       | 8,613         |
| Cash (inflow)/outflow from (increase)/decrease in net debt and lease financing | 21(b)    | (18,154)      | 121           |
| Change in net debt resulting from cash flows                                   |          | (21,388)      | 8,734         |
| Translation difference   | 21(c)    | (113)         | (181)         |
| Debt acquired with subsidiary  | 27       | (154,341)     | -             |
| Net debt at 1 January  |          | (55,938)      | (64,491)      |
| Net debt at 31 December  | 15/21(c) | (231,780)     | (55,938)      |

# **Ryder Limited**

## **Notes to the financial statements**

### **Year ended 31 December 2011**

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#### **1. Principal accounting policies**

The following accounting policies have been applied consistently throughout the year in dealing with items which are considered material in relation to the Group financial statements

#### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain freehold and long leasehold land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below

#### **Consolidation**

These Group financial statements include the financial statements of Ryder Limited and its subsidiary undertakings, each made up to 31 December 2011. All subsidiary undertakings except Ryder Deutschland GmbH have been consolidated using the acquisition method of accounting. Ryder Deutschland GmbH has been consolidated using merger accounting.

The subsidiaries are those companies controlled, directly or indirectly, by Ryder Limited, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. This control is normally evidenced when Ryder Limited owns, either directly or indirectly, more than 50% of the voting rights or potential voting rights of a company's share capital. Inter-company balances, transactions and resulting unrealised income are eliminated in full.

#### **Turnover**

Turnover represents amounts net of trade discounts and rebates derived from the provision of transportation services (including commercial vehicle rental, contract hire, fleet management and supply chain solutions) and goods supplied in the UK & Ireland and the rest of Europe during the year, excluding Value Added Tax. Turnover is recognised as contractual services are provided or goods sold, and when the amount of turnover can be measured reliably, and receipt of payment is probable.

#### **Leasing of equipment**

- (1) Lessee accounting - Lease agreements for revenue earning vehicles, service vehicles and office equipment under finance leases that confer rights and obligations similar to those of owned assets are included in the amounts shown in fixed assets in the balance sheet under their respective headings. The assets are depreciated over the shorter of the lease term or their useful economic lives. The interest element of the leasing cost is amortised so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. The rental costs of other leased assets are charged to the profit and loss account on a straight-line basis over the lease term.

Future instalments under finance leases, net of finance charges are included within 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.

- (2) Lessor accounting - The rentals receivable under full service operating lease agreements with customers are taken to profit as they fall due over the term of the leases. Assets used in full service operating lease agreements are recorded in the balance sheet as tangible fixed assets and depreciated over their expected useful economic lives or the term of the lease, whichever is shorter. The cost of assets hired out under finance leases are excluded from the balance sheet and an appropriate debtor is recognised instead. Rentals from finance leases are split between capital repayments and interest so as to produce a constant periodic rate of return on the remaining balance of the receivable amount for each accounting period.



# **Ryder Limited**

## **Notes to the financial statements (continued)**

**Year ended 31 December 2011**

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### **1. Principal accounting policies (continued)**

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at the average rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account. The Company operates an overseas branch in the Republic of Ireland. The results of this branch are translated at the prevailing rate at the end of each month in which transactions take place. Assets and liabilities of the overseas branch are translated at the rate ruling at the balance sheet date. Exchange differences arising are recognised within reserves.

#### **Pension cost - defined benefit**

The Company operates a funded pension scheme providing defined benefits. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

#### **Pension cost - defined contribution**

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

#### **Exceptional items**

Items that are material which derive from events or transactions that fall within the ordinary activities of the Group and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events, which may give rise to, the classification of items as exceptional include, but are not restricted to, restructuring of the business, and profits or losses on disposals of fixed assets.

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

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#### 1. Principal accounting policies (continued)

##### Tangible fixed assets

Tangible fixed assets are stated at cost. Cost comprises purchase price and, in the case of property, professional fees incurred on acquisition. No depreciation is provided on freehold land. Depreciation of revenue earning vehicles is calculated to write down the vehicles to their estimated residual value over the length of the lease term ranging from three to ten years on a straight line basis.

Depreciation of other fixed assets, excluding freehold land, is calculated to write off the cost or valuation to residual value by equal annual instalments over their expected useful economic lives, also on a straight-line basis.

The estimated useful lives are

|                                       |                         |
|---------------------------------------|-------------------------|
| Freehold and long leasehold buildings | - thirty to forty years |
| Short leasehold property              | - period of the lease   |
| Service vehicles and cars             | - two to four years     |
| Other equipment                       | - two to ten years      |

The useful lives of the assets and their residual values are periodically reviewed and adjusted when appropriate.

##### Goodwill and Negative Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions before 1 January 2001, has in the past been treated as follows:

- Prior to 1994, goodwill was capitalised and amortised over its estimated useful life, which was deemed to be forty years.
- After 1994, but prior to the adoption of FRS 10, "Goodwill and intangible assets", the Group's accounting policy was to write goodwill off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

FRS 10 was adopted on 1 January 1998. Purchased goodwill arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Negative goodwill arising on business acquisitions is capitalised. Negative goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life is determined by reference to the period over which non-monetary assets acquired are recovered. This has been determined to be a period of 4 years.

# **Ryder Limited**

## **Notes to the financial statements (continued)**

**Year ended 31 December 2011**

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### **1. Principal accounting policies (continued)**

#### **Investments**

Investments in subsidiary undertakings in the Company's balance sheet and all current asset investments are stated at cost less provision for any impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value and consist of fuel, parts and finished goods for resale. Cost is determined on a first in, first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

#### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Ryder Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2011

#### 2. Turnover by origin

|                | 2011<br>£'000  | 2010<br>£'000  |
|----------------|----------------|----------------|
| UK and Ireland | 191,800        | 133,550        |
| Rest of Europe | 12,843         | 13,194         |
|                | <u>204,643</u> | <u>146,744</u> |

The directors consider the Group to have only a single class of business

There is no material difference between the origin and destination of turnover

#### 3. Employee numbers and costs

The average monthly number of persons (including directors) employed by the Group during the year was

|                                      | 2011<br>Number | 2010<br>Number |
|--------------------------------------|----------------|----------------|
| Management, administration and sales | 190            | 162            |
| Drivers, warehouse and maintenance   | 960            | 822            |
|                                      | <u>1,150</u>   | <u>984</u>     |

|  | Note | 2011<br>£'000 | 2010<br>£'000 |
|--|------|---------------|---------------|
| The aggregate payroll costs of these persons were as follows |      |               |               |
| Wages and salaries   |      | 38,450        | 29,461        |
| Social security costs  |      | 3,740         | 2,649         |
| Defined benefit pension costs                                | 26   | 36            | 554           |
| Defined contribution pension costs                           | 26   | 2,509         | 1,998         |
|  |      | <u>44,735</u> | <u>34,662</u> |

#### 4. Directors' remuneration

|                      | 2011<br>£'000 | 2010<br>£'000 |
|----------------------|---------------|---------------|
| Aggregate emoluments | <u>290</u>    | <u>221</u>    |

The remuneration of the highest paid director (excluding pension contributions) was £289,866 (2010 £220,918). The other directors did not receive any emoluments in respect of their services to the company (2010 nil).

During the year payments of £26,110 (2010 £21,800) were made to the Company's defined contribution scheme in respect of the highest paid director. At the end of the year the highest paid director had an accrued pension under the Company's defined benefit scheme of £30,636 (2010 £29,155).

During the year one (2010 one) director was accruing pension benefits under the Company's defined benefit scheme.

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 5. Exceptional items

Following the acquisition of Hill Hire Limited (formerly Hill Hire plc) by the Group during the year, the following exceptional costs have been incurred in order to integrate the newly acquired business into the Group, and to provide a harmonised flexible service across the wider range of products and vehicles

|                          | 2011<br>£'000 | 2010<br>£'000 |
|--------------------------|---------------|---------------|
| Employee severance costs | 1,306         | -             |
| Legal and sundry costs   | 73            | -             |
|                          | <u>1,379</u>  | <u>-</u>      |

The commercial decision to exit the Supply Chain Solutions market was taken in 2008 and effected in 2009. Certain costs were lower than anticipated, therefore the following amounts have been released to profit in the year

|                          |              |          |
|--------------------------|--------------|----------|
| Employee severance costs | (42)         | -        |
| Facilities closure costs | (396)        | -        |
|                          | <u>(438)</u> | <u>-</u> |
|                          | <u>941</u>   | <u>-</u> |

#### 6. Net interest payable and similar charges

|   | 2011<br>£'000 | 2010<br>£'000 |
|---|---------------|---------------|
| Interest payable                                  |               |               |
| Short term borrowings and bank overdraft          | 336           | 730           |
| Interest element of finance lease rental payments | -             | 8             |
| Interest payable to fellow subsidiary undertaking | 7,687         | 2,806         |
| Interest payable to parent undertaking            | 289           | -             |
| Other interest payable                            | 2             | 5             |
|   | <u>8,314</u>  | <u>3,549</u>  |
| Interest receivable                               |               |               |
| Bank deposit interest                             | (86)          | (106)         |
| Other interest receivable                         | -             | (5)           |
|   | <u>(86)</u>   | <u>(111)</u>  |
|   | <u>8,228</u>  | <u>3,438</u>  |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 7. Profit on ordinary activities before taxation

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| This is stated after charging/(crediting)  |               |               |
| Depreciation of tangible fixed assets - owned assets   | 52,657        | 35,755        |
| - leased assets  | 189           | 312           |
| Amortisation of negative goodwill  | (170)         | -             |
| Operating leases - Plant & machinery   | 5,033         | 5,018         |
| - Other operating leases   | 1,883         | 1,886         |
| Aggregate rentals receivable from operating leases   | (150,429)     | (98,592)      |
| Aggregate rentals receivable from finance leases   | (20,274)      | (13,804)      |
| Profit on sale of fixed assets   | (2,475)       | (1,409)       |
| Fees payable to company auditors for the audit of parent company and consolidated financial statements | 295           | 180           |
| Fees payable to the company's auditors and its associates for other services                           |               |               |
| The audit of the company's subsidiary pursuant to legislation  | 62            | 26            |
| Other services pursuant to legislation   | -             | -             |
| Tax services   | 54            | 18            |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 8. Tax on profit on ordinary activities

|  | 2011<br>£'000       | 2010<br>£'000       |
|--|---------------------|---------------------|
| (a) Tax charge based on the profit for the year on ordinary activities |                     |                     |
| UK Current tax   |                     |                     |
| UK Corporation tax on profit for the year                              | 64                  | 1,945               |
| Adjustments in respect of prior years                                  | (20)                | 113                 |
|  | <u>44</u>           | <u>2,058</u>        |
| Foreign tax  |                     |                     |
| Corporation tax on profit for the year                                 | 939                 | 1,049               |
| Adjustments in respect of prior years                                  | (195)               | -                   |
|  | <u>744</u>          | <u>1,049</u>        |
| Total current tax  | <u>788</u>          | <u>3,107</u>        |
| Deferred tax   |                     |                     |
| Origination/reversal of timing differences                             | 4,201               | (1,348)             |
| Adjustments in respect of prior years                                  | -                   | 26                  |
| Total non-pension deferred tax credit (see note 17)                    | <u>4,201</u>        | <u>(1,322)</u>      |
| Deferred tax charge relating to pension asset / liability              | 1,671               | 1,577               |
| Total deferred tax charge  | <u>5,872</u>        | <u>255</u>          |
| Tax on profit on ordinary activities                                   | <u><u>6,660</u></u> | <u><u>3,362</u></u> |

#### (b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the UK  
The differences are explained below

|  | 2011<br>£'000     | 2010<br>£'000       |
|--|-------------------|---------------------|
| Current tax reconciliation   |                   |                     |
| Profit on ordinary activities before tax   | <u>19,373</u>     | <u>11,521</u>       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%) | 5,134             | 3,226               |
| Effects of   |                   |                     |
| Expenses not deductible for tax purposes   | 381               | 116                 |
| Depreciation and lease depletion in excess of capital allowances for the year                              | (2,018)           | 1,885               |
| Other timing differences -pension related  | (1,453)           | (2,259)             |
| -other   | (1,064)           | 7                   |
| Adjustments in respect of prior years  | (215)             | 113                 |
| Foreign tax charged at different rates   | 23                | 19                  |
| Total current tax charge   | <u><u>788</u></u> | <u><u>3,107</u></u> |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

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#### 8. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

The Finance Bill of 2012 ("the Bill") was given Royal Assent on 17 July 2012 and became Finance Act 2012 ("the Act"). The Act includes legislation to reduce the main rate of Corporation Tax in the UK from 26% to 24% for 1 April 2012. The Budget (21 March 2012) also proposed further reductions in the main rate of corporation tax to 23% in 2013-14. This legislation had not been substantively enacted at the balance sheet date, therefore the effect is not included in these financial statements, and the deferred tax continues to be recognised at 25%.

#### 9. Profit of the company

|   | 2011          | 2010         |
|---|---------------|--------------|
|   | £'000         | £'000        |
| The amount of the financial profit for the year dealt within the financial statements of the Company is | <u>10,842</u> | <u>5,707</u> |

Included within profit of the Parent Company are dividends receivable of £9,592,000 (2010: £nil) from subsidiary companies.

As permitted by section 408 of the Companies Act 2006, no profit and loss account is presented for Ryder Limited.



# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 10 Intangible fixed assets

##### Group

|   | Goodwill     | Negative<br>Goodwill |
|---|--------------|----------------------|
|   | £'000        | £'000                |
| Cost                                      |              |                      |
| Balance at 1 January 2011                 | 3,962        | -                    |
| Additions (see note 27)                   | -            | (1,198)              |
| <b>Balance at 31 December 2011</b>        | <b>3,962</b> | <b>(1,198)</b>       |
| Accumulated amortisation                  |              |                      |
| Balance at 1 January 2011                 | 3,962        | -                    |
| Charge for the year                       | -            | (170)                |
| <b>Balance at 31 December 2011</b>        | <b>3,962</b> | <b>(170)</b>         |
| <b>Net book value at 31 December 2011</b> | <b>-</b>     | <b>(1,028)</b>       |
| Net book value at 31 December 2010        | -            | -                    |

##### Company

|                                      | Goodwill     |              |
|--------------------------------------|--------------|--------------|
|                                      | 2011         | 2010         |
|                                      | £'000        | £'000        |
| Cost                                 |              |              |
| Balance at 1 January and 31 December | <u>3,962</u> | <u>3,962</u> |
| Accumulated amortisation             |              |              |
| Balance at 1 January and 31 December | <u>3,962</u> | <u>3,962</u> |
| <b>Net book value at 31 December</b> | <b>-</b>     | <b>-</b>     |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 11. Tangible fixed assets Group

|   | Land &<br>freehold<br>& long<br>leasehold<br>buildings<br>£'000 | Short<br>leasehold<br>property<br>£'000 | Revenue<br>earning<br>vehicles<br>£'000 | Service<br>vehicles &<br>cars<br>£'000 | Other<br>equipment<br>£'000 | Total<br>£'000 |
|---|---|---|---|--|-----------------------------|----------------|
| <b>Cost</b>                               |   |   |   |  |                             |                |
| Balance at 1 January 2011                 | 15,937  | 2,145                                   | 280,098                                 | 2,349                                  | 15,603                      | 316,132        |
| Additions                                 | 232   | 49                                      | 86,539                                  | -                                      | 815                         | 87,635         |
| Acquisitions                              | 10,551  | -                                       | 133,406                                 | 420                                    | 494                         | 144,871        |
| Disposals                                 | (512)   | -                                       | (49,182)                                | (75)                                   | (887)                       | (50,656)       |
| Transfers                                 | (51)  | -                                       | 489                                     | 40                                     | 51                          | 529            |
| Exchange difference                       | -   | -                                       | (715)                                   | (11)                                   | (12)                        | (738)          |
| <b>Balance at 31 December 2011</b>        | <b>26,157</b>   | <b>2,194</b>                            | <b>450,635</b>                          | <b>2,723</b>                           | <b>16,064</b>               | <b>497,773</b> |
| <b>Accumulated depreciation</b>           |   |   |   |  |                             |                |
| Balance at 1 January 2011                 | 7,495   | 1,543                                   | 148,626                                 | 2,144                                  | 13,631                      | 173,439        |
| Depreciation charges                      | 595   | 170                                     | 50,762                                  | 174                                    | 1,145                       | 52,846         |
| Disposals                                 | (439)   | (40)                                    | (35,993)                                | (56)                                   | (896)                       | (37,424)       |
| Transfers                                 | -   | -                                       | (320)                                   | 320                                    | -                           | -              |
| Exchange difference                       | -   | -                                       | (628)                                   | (10)                                   | (8)                         | (646)          |
| <b>Balance at 31 December 2011</b>        | <b>7,651</b>  | <b>1,673</b>                            | <b>162,447</b>                          | <b>2,572</b>                           | <b>13,872</b>               | <b>188,215</b> |
| <b>Net book value at 31 December 2011</b> | <b>18,506</b>   | <b>521</b>                              | <b>288,188</b>                          | <b>151</b>                             | <b>2,192</b>                | <b>309,558</b> |
| Net book value at 31 December 2010        | 8,442   | 602                                     | 131,472                                 | 205                                    | 1,972                       | 142,693        |

Included in freehold and long leasehold land and buildings are depreciable assets with net book value of £8,652,000 (2010 £5,787,000) and freehold land with net book value of £9,854,000 (2010 £2,655,000). The comparable amounts for freehold and long leasehold land and buildings determined according to the historical cost accounting rules are £17,240,000 (2010 £7,158,000).

Freehold and long leasehold land and buildings consists of freehold land and buildings with net book value of £17,359,000 (2010 £7,216,000) and leasehold land and buildings with net book value of £1,147,000 (2010 £1,226,000).

Certain freehold and long leasehold land and buildings were revalued between 1987 and 1989 on the basis of open market value for existing use. The valuation cost of those assets was £3,975,000, which has been taken as deemed cost on adoption of FRS 15. The historic cost was £1,531,000.

The net book value of revenue vehicles at 31 December 2011 includes vehicles in the course of construction amounting to £5,319,000 (2010 £4,236,000). The net book value of vehicles held under finance leases was £212,000 (2010 £661,000), and the related depreciation charge for the year was £189,000 (2010 £312,000). The gross amount of vehicles held for use in operating leases was £450,635,000 (2010 £280,098,000) and the related accumulated depreciation charge was £162,447,000 (2010 £148,626,000).

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 11. Tangible fixed assets (continued)

##### Company

|   | Land &<br>freehold<br>& long<br>leasehold<br>buildings<br>£'000 | Short<br>leasehold<br>property<br>£'000 | Revenue<br>earning<br>vehicles<br>£'000 | Service<br>vehicles<br>& cars<br>£'000 | Other<br>equipment<br>£'000 | Total<br>£'000 |
|---|---|---|---|--|-----------------------------|----------------|
| <b>Cost</b>                               |   |   |   |  |                             |                |
| Balance at 1 January 2011                 | 15,937  | 2,118                                   | 259,949                                 | 1,947                                  | 15,138                      | 295,089        |
| Additions                                 | 228   | 54                                      | 69,032                                  | -                                      | 807                         | 70,121         |
| Disposals                                 | (512)   | -                                       | (41,774)                                | (75)                                   | (868)                       | (43,229)       |
| Other Transfers                           | (55)  | -                                       | 111                                     | 351                                    | 55                          | 462            |
| Exchange difference                       | -   | -                                       | (168)                                   | -                                      | -                           | (168)          |
| <b>Balance at 31 December 2011</b>        | <b>15,598</b>   | <b>2,172</b>                            | <b>287,150</b>                          | <b>2,223</b>                           | <b>15,132</b>               | <b>322,275</b> |
| <b>Accumulated depreciation</b>           |   |   |   |  |                             |                |
| Balance at 1 January 2011                 | 7,495   | 1,521                                   | 132,065                                 | 1,757                                  | 13,226                      | 156,064        |
| Depreciation charges                      | 445   | 171                                     | 33,878                                  | 92                                     | 836                         | 35,422         |
| Disposals                                 | (442)   | (39)                                    | (34,085)                                | (55)                                   | (881)                       | (35,502)       |
| Transfers                                 | -   | -                                       | (260)                                   | 260                                    | -                           | -              |
| Exchange difference                       | -   | -                                       | (182)                                   | -                                      | -                           | (182)          |
| <b>Balance at 31 December 2011</b>        | <b>7,498</b>  | <b>1,653</b>                            | <b>131,416</b>                          | <b>2,054</b>                           | <b>13,181</b>               | <b>155,802</b> |
| <b>Net book value at 31 December 2011</b> | <b>8,100</b>  | <b>519</b>                              | <b>155,734</b>                          | <b>169</b>                             | <b>1,951</b>                | <b>166,473</b> |
| <b>Net book value at 31 December 2010</b> | <b>8,442</b>  | <b>597</b>                              | <b>127,884</b>                          | <b>190</b>                             | <b>1,912</b>                | <b>139,025</b> |

Included in freehold and long leasehold land and buildings are depreciable assets with net book value of £5,445,000 (2010 £5,787,000) and freehold land with net book value of £2,655,000 (2010 £2,655,000). The comparable amounts for freehold and long leasehold land and buildings determined according to the historical cost accounting rules are £6,833,000 (2010 £7,158,000).

Freehold and long leasehold land and buildings consists of freehold land and buildings with net book value of £6,953,000 (2010 £7,216,000) and leasehold land and buildings with net book value of £1,147,000 (2010 £1,226,000).

Certain freehold and long leasehold land and buildings were revalued between 1987 and 1989 on the basis of open market value for existing use. The valuation cost of those assets was £3,975,000, which has been taken as deemed cost on adoption of FRS 15. The historic cost was £1,531,000.

The net book value of revenue vehicles at 31 December 2011 includes vehicles in the course of construction amounting to £5,319,000 (2010 £4,236,000). The net book value of vehicles held under finance leases was £212,000 (2010 £661,000), and the related depreciation charge for the year was £189,000 (2010 £312,000). The gross amount of vehicles held for use in operating leases was £287,150,000 (2010 £259,949,000) and the related accumulated depreciation charge was £131,416,000 (2010 £132,065,000).

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 12. Fixed asset investments

The Group has no fixed asset investments

|                                    | Company<br>£'000     |
|------------------------------------|----------------------|
| Shares in Group undertakings       |                      |
| Balance at 1 January 2011          | 16,048               |
| Additions                          | -                    |
| Disposals                          | (1)                  |
| <b>Balance at 31 December 2011</b> | <b><u>16,047</u></b> |

The subsidiary undertakings shown below are all registered in England and Wales except Ryder Deutschland GmbH, which is incorporated in Germany. The investment in the share capital of these Companies is stated at cost less any impairment. There has been no impairment in the investment to date.

The directors believe that the book value of investments is supported by their underlying net assets, and future cash flows.

|  | Principal activity        | Ownership of<br>ordinary shares |      |
|--|---------------------------|---------------------------------|------|
|  |                           | 2011                            | 2010 |
|  |                           | %                               | %    |
| Subsidiaries directly held                 |                           |                                 |      |
| Hill Hire Limited (formerly Hill Hire plc) | Transportation services   | 100%                            | -    |
| Ryder Deutschland GmbH                     | Transportation services   | 100%                            | 100% |
| Dormant subsidiaries directly held         |                           |                                 |      |
| Ryder Pension Fund Limited                 | Dormant Corporate Trustee | 100%                            | 100% |
| Ryder System Limited                       | Struck off 21 June 2011   | -                               | 100% |

#### 13. Stocks

|             | Group         |               | Company       |               |
|-------------|---------------|---------------|---------------|---------------|
|             | 2011<br>£'000 | 2010<br>£'000 | 2011<br>£'000 | 2010<br>£'000 |
| Consumables | <u>692</u>    | <u>366</u>    | <u>309</u>    | <u>295</u>    |

## Ryder Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2011

##### 14. Debtors

|  | Group         |               | Company        |               |
|--|---------------|---------------|----------------|---------------|
|  | 2011          | 2010          | 2011           | 2010          |
|  | £'000         | £'000         | £'000          | £'000         |
| Amounts falling due within one year            |               |               |                |               |
| Trade debtors                                  | 32,143        | 15,242        | 15,032         | 13,968        |
| Net investment in finance leases               | 11,827        | 6,908         | 9,170          | 6,908         |
| Amounts owed by subsidiary undertakings        | -             | -             | 148,414        | -             |
| Amounts owed by fellow subsidiary undertakings | 8             | 24            | 8              | 59            |
| Corporation tax                                | 726           | 839           | 726            | -             |
| Other debtors                                  | 19            | -             | -              | -             |
| Prepayments and accrued income                 | 7,225         | 3,935         | 4,390          | 3,706         |
|  | <u>51,948</u> | <u>26,948</u> | <u>177,740</u> | <u>24,641</u> |
| Amounts falling due after one year             |               |               |                |               |
| Net investment in finance leases               | 44,965        | 34,264        | 38,521         | 34,264        |
|  | <u>96,913</u> | <u>61,212</u> | <u>216,261</u> | <u>58,905</u> |

Amounts due from parent and fellow subsidiary undertakings are unsecured and repayable on demand  
No interest is charged on these amounts

The cost of assets held for the purpose of letting under finance leases by the Group is £78,025,000 (2010 £53,844,000) The cost of assets acquired in the year for the purpose of letting under finance leases by the Group was £25,276,000 (2010 £9,923,000)

The cost of assets held for the purpose of letting under finance leases by the Company is £67,657,000 (2010 £53,844,000) The cost of assets acquired in the year for the purpose of letting under finance leases by the Company was £14,793,000 (2010 £9,923,000)

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 15. Borrowings

|   | Group          |               | Company        |               |
|---|----------------|---------------|----------------|---------------|
|   | 2011           | 2010          | 2011           | 2010          |
|   | £'000          | £'000         | £'000          | £'000         |
| Amounts falling due within one year   |                |               |                |               |
| Bank overdraft  | 5,014          | 3,160         | 5,014          | 3,160         |
| Amounts owed to fellow subsidiary undertakings, 4.04% to 7.00% interest (2010 2.90% to 3.60%) | 1,236          | 66,270        | 1,236          | 66,270        |
| Obligations under finance leases  | -              | 54            | -              | 54            |
| Obligations under finance leases owed to fellow subsidiary undertakings                       | 82             | 261           | 82             | 261           |
|   | <u>6,332</u>   | <u>69,745</u> | <u>6,332</u>   | <u>69,745</u> |
| Amounts falling due after more than one year  |                |               |                |               |
| Amounts owed to fellow subsidiary undertakings, 4.04% to 7.00% interest                       | 236,000        | -             | 236,000        | -             |
| Obligations under finance leases owed to fellow subsidiary undertakings                       | 122            | 214           | 122            | 214           |
|   | <u>236,122</u> | <u>214</u>    | <u>236,122</u> | <u>214</u>    |
| Total borrowings  | 242,454        | 69,959        | 242,454        | 69,959        |
| Less cash at bank and in hand   | (10,674)       | (14,021)      | (97)           | (3,859)       |
| Net debt  | <u>231,780</u> | <u>55,938</u> | <u>242,357</u> | <u>66,100</u> |
| Obligations under loans are analysed as follows   |                |               |                |               |
| Within one year   | 6,250          | 69,430        | 6,250          | 69,430        |
| In the second to fifth year   | 71,000         | -             | 71,000         | -             |
| After more than five years  | 165,000        | -             | 165,000        | -             |
|   | <u>242,250</u> | <u>69,430</u> | <u>242,250</u> | <u>69,430</u> |

The loan amount owed to a fellow subsidiary undertaking of £165,000,000 (2010 £nil) is not repayable by instalments

Obligations under finance leases relate to fixed rate leases repayable both monthly and semi-annually and secured on the asset. Interest rates vary from lease to lease and were fixed at the market rate existing when the leases were undertaken. Obligations under finance leases are analysed as follows

|                             | Group      |            | Company    |            |
|-----------------------------|------------|------------|------------|------------|
|                             | 2011       | 2010       | 2011       | 2010       |
|                             | £'000      | £'000      | £'000      | £'000      |
| Within one year             | 82         | 315        | 82         | 315        |
| In the second to fifth year | 122        | 214        | 122        | 214        |
|                             | <u>204</u> | <u>529</u> | <u>204</u> | <u>529</u> |

The ultimate parent undertaking is committed to providing finance on an on-going basis

# Ryder Limited

## Notes to the financial statements (continued)

Year ended 31 December 2011

### 16. Creditors

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2011          | 2010          | 2011          | 2010          |
|  | £'000         | £'000         | £'000         | £'000         |
| Amounts falling due within one year            |               |               |               |               |
| Trade creditors                                | 13,610        | 8,522         | 8,324         | 7,866         |
| Amounts owed to subsidiary undertakings        | -             | -             | 58            | 59            |
| Amounts owed to fellow subsidiary undertakings | 11            | 47            | -             | -             |
| Amounts owed to parent undertaking             | 446           | 322           | 446           | 322           |
| Corporation tax                                | 1,851         | 63            | -             | 63            |
| Social security                                | 1,406         | 868           | 973           | 853           |
| Other creditors                                | 2,879         | 2,887         | 1,919         | 2,887         |
| Accruals and deferred income                   | 25,174        | 14,126        | 15,197        | 14,042        |
|  | <u>45,377</u> | <u>26,835</u> | <u>26,917</u> | <u>26,092</u> |
| Amounts falling due after more than one year   |               |               |               |               |
| Accruals and deferred income                   | 2,170         | 933           | 2,170         | 933           |
|  | <u>47,547</u> | <u>27,768</u> | <u>29,087</u> | <u>27,025</u> |

Amounts owed to parent and fellow subsidiary undertakings are unsecured and repayable on demand  
No interest is charged on these amounts

Accruals and deferred income falling due after more than one year includes £286,000 (2010 £56,000)  
falling due after more than five years, not repayable by instalments

### 17. Provisions for liabilities

#### Group

|  | Deferred<br>taxation | Other<br>provisions | Total        |
|--|----------------------|---------------------|--------------|
|  | £'000                | £'000               | £'000        |
| At 1 January 2011                              | 3,345                | 3,540               | 6,885        |
| Charge for year in the profit and loss account | 4,201                | 1,172               | 5,373        |
| On acquisition                                 | (4,693)              | 626                 | (4,067)      |
| Utilised in the year                           | -                    | (1,221)             | (1,221)      |
| Exchange difference                            | (3)                  | 2                   | (1)          |
| At 31 December 2011                            | <u>2,850</u>         | <u>4,119</u>        | <u>6,969</u> |

Provisions for deferred tax exclude amounts relating to the defined benefit pension scheme (see note 26)

Other provisions relate to future rental payments on vacant leased premises, dilapidation costs and exceptional severance and facility closure costs. They are due to be settled over a period of one to nineteen years.

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 17. Provisions for liabilities (continued)

The deferred tax provided consists of the following

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Difference between accumulated depreciation and capital allowances | 3,602         | 4,892         |
| Other timing differences   | (752)         | (1,547)       |
| Total provision for deferred tax                                   | <u>2,850</u>  | <u>3,345</u>  |

#### Company

|  | Deferred<br>taxation<br>£'000 | Other<br>provisions<br>£'000 | Total<br>£'000 |
|--|-------------------------------|------------------------------|----------------|
| At 1 January 2011                              | 3,486                         | 3,461                        | 6,947          |
| Charge for year in the profit and loss account | 1,659                         | 1,214                        | 2,873          |
| Utilised in the year                           | -                             | (1,182)                      | (1,182)        |
| Exchange difference                            | -                             | -                            | -              |
| At 31 December 2011                            | <u>5,145</u>                  | <u>3,493</u>                 | <u>8,638</u>   |

Provisions for deferred tax exclude amounts relating to the defined benefit pension scheme (see note 26)

Other provisions relate to future rental payments on vacant leased premises, dilapidation costs and exceptional severance and facility closure costs. They are due to be settled over a period of one to five years.

The elements of deferred tax are as follows

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Difference between accumulated depreciation and capital allowances | 5,882         | 4,750         |
| Other timing differences   | (737)         | (1,264)       |
|  | <u>5,145</u>  | <u>3,486</u>  |

#### 18. Called up share capital

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Authorised   |               |               |
| 5,900,000 (2010: 5,900,000) ordinary shares of £1 each | <u>5,900</u>  | <u>5,900</u>  |
| Issued, called up and fully paid                       |               |               |
| 3,063,168 (2010: 3,063,168) ordinary shares of £1 each | <u>3,063</u>  | <u>3,063</u>  |



# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 19. Reserves

|  | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Other -<br>Merger<br>reserve<br>£'000 | Profit and<br>loss<br>account<br>£'000 |
|--|---------------------------|---------------------------------|---------------------------------------|--|
| Group  |                           |                                 |                                       |  |
| At 1 January 2011  | 76,161                    | 1,191                           | 299                                   | 41,287                                 |
| Profit for the year  | -                         | -                               | -                                     | 12,713                                 |
| Actuarial loss on defined benefit pension plan                       | -                         | -                               | -                                     | (27,438)                               |
| Deferred tax arising on movements in the pension plan                | -                         | -                               | -                                     | 6,859                                  |
| Currency translation differences on foreign currency net investments | -                         | -                               | -                                     | (628)                                  |
| Transfers  | -                         | (17)                            | -                                     | 17                                     |
| <b>Balance at 31 December 2011</b>                                   | <b>76,161</b>             | <b>1,174</b>                    | <b>299</b>                            | <b>32,810</b>                          |

The cumulative amount of goodwill previously written off to reserves in the years to 31 December 1998 amounts to £28,905,000. There have been no additional write offs to reserves post 1998.

In accordance with FRS 19, deferred tax has not been recognised in respect of the revaluation reserve as no agreements to sell the revalued assets were in place at 31 December 2011.

|  | Share<br>premium<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit and<br>loss<br>account<br>£'000 |
|--|---------------------------|---------------------------------|--|
| Company  |                           |                                 |  |
| At beginning of the year   | 76,161                    | 1,191                           | 42,107                                 |
| Profit for the year  | -                         | -                               | 10,842                                 |
| Actuarial loss on defined benefit pension plan                       | -                         | -                               | (27,438)                               |
| Deferred tax arising on movements in the pension plan                | -                         | -                               | 6,859                                  |
| Currency translation differences on foreign currency net investments | -                         | -                               | (109)                                  |
| Transfers  | -                         | (17)                            | 17                                     |
| <b>Balance at 31 December 2011</b>                                   | <b>76,161</b>             | <b>1,174</b>                    | <b>32,278</b>                          |

The cumulative amount of goodwill previously written off to reserves in the years to 31 December 1998 amounts to £28,905,000.

In accordance with FRS 19, deferred tax has not been recognised in respect of the revaluation reserve as no agreements to sell the revalued assets were in place at 31 December 2011.

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 20 Reconciliation of movement in shareholders' funds

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Group  |               |               |
| Profit for the financial year  | 12,713        | 8,159         |
| Retained profit  | 12,713        | 8,159         |
| Actuarial (loss)/gain on defined benefit pension plan                | (27,438)      | 2,251         |
| Deferred tax arising on movement in the pension plan                 | 6,859         | (608)         |
| Currency translation differences on foreign currency net investments | (628)         | (454)         |
| Net (decrease)/increase in equity shareholders' funds                | (8,494)       | 9,348         |
| Total shareholders' funds at 1 January 2011                          | 122,001       | 112,653       |
| Total shareholders' funds at 31 December 2011                        | 113,507       | 122,001       |

|  | 2011<br>£'000 | 2010<br>£'000 |
|--|---------------|---------------|
| Company  |               |               |
| Profit for the year  | 10,842        | 5,707         |
| Retained profit  | 10,842        | 5,707         |
| Actuarial (loss)/gain on defined benefit pension plan                | (27,438)      | 2,251         |
| Deferred tax arising on movement in the pension plan                 | 6,859         | (608)         |
| Currency translation differences on foreign currency net investments | (109)         | (371)         |
| Net increase in shareholders' funds                                  | (9,846)       | 6,979         |
| Total shareholders' funds at 1 January 2011                          | 122,522       | 115,543       |
| Total shareholders' funds at 31 December 2011                        | 112,676       | 122,522       |

## **Ryder Limited**

### **Notes to the financial statements (continued)**

#### **Year ended 31 December 2011**

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#### **21 Cash flow**

|  | <b>2011</b>          | <b>2010</b>          |
|--|----------------------|----------------------|
|  | <b>£'000</b>         | <b>£'000</b>         |
| (a) Reconciliation of operating profit to operating cash flows |                      |                      |
| Operating profit   | <b>25,181</b>        | 12,849               |
| Depreciation and amortisation charge                           | <b>52,676</b>        | 36,233               |
| Profit on disposal of fixed assets                             | <b>(2,477)</b>       | (1,409)              |
| Decrease/(increase) in stocks                                  | <b>289</b>           | (28)                 |
| Decrease in debtors  | <b>9,299</b>         | 8,656                |
| Decrease in creditors  | <b>(3,744)</b>       | (98)                 |
| (Decrease)/increase in other provisions                        | <b>(49)</b>          | 55                   |
| Movements in balances with fellow subsidiary undertakings      | <b>(20)</b>          | 36                   |
| Movements in balances with parent undertaking                  | <b>123</b>           | 133                  |
| Movement relating to defined benefit pension liability         | <b>(5,177)</b>       | (3,847)              |
| Net cash flow from operating activities                        | <b><u>76,101</u></b> | <b><u>52,580</u></b> |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 21. Cash flow (continued)

##### (b) Analysis of cash flows

|   | 2011<br>£'000   | 2010<br>£'000   |
|---|-----------------|-----------------|
| Returns on investment and servicing of finance          |                 |                 |
| Interest received                                       | 83              | 87              |
| Interest paid   | (7,987)         | (3,586)         |
| Interest element of finance lease rental payments       | (63)            | (147)           |
|   | <u>(7,967)</u>  | <u>(3,646)</u>  |
| Capital expenditure and financial investment            |                 |                 |
| Purchase of tangible fixed assets                       | (86,413)        | (37,913)        |
| Sale of tangible fixed assets                           | 15,728          | 8,868           |
| Movement in finance lease debtor                        | (14,826)        | (9,923)         |
|   | <u>(85,511)</u> | <u>(38,968)</u> |
| Acquisitions (See note 27)                              |                 |                 |
| Purchase of subsidiary undertaking                      | -               | -               |
| Cash acquired with subsidiary undertaking               | 962             | -               |
|   | <u>962</u>      | <u>-</u>        |
| Financing   |                 |                 |
| (Decrease)/increase in short term borrowing             | (217,521)       | 722             |
| Increase in long term borrowings from fellow subsidiary | 236,000         | -               |
| Capital element of finance lease payments               | (325)           | (843)           |
|   | <u>18,154</u>   | <u>(121)</u>    |

##### (c) Analysis of net debt

|                          | At 1 January<br>2011<br>£'000 | Cash flow<br>£'000 | Acquisition<br>(excluding<br>cash)<br>£'000 | Exchange<br>movement<br>£'000 | At 31<br>December<br>2011<br>£'000 |
|--------------------------|-------------------------------|--------------------|---|-------------------------------|------------------------------------|
| Cash at bank and in hand | 14,021                        | (3,234)            | -   | (113)                         | 10,674                             |
| Debt due within one year | (69,430)                      | 217,521            | (154,341)                                   | -                             | (6,250)                            |
| Debt due after one year  | -                             | (236,000)          | -   | -                             | (236,000)                          |
| Finance leases           | (529)                         | 325                | -   | -                             | (204)                              |
|                          | <u>(69,959)</u>               | <u>(18,154)</u>    | <u>(154,341)</u>                            | <u>(113)</u>                  | <u>(242,454)</u>                   |
|                          | <u>(55,938)</u>               | <u>(21,388)</u>    | <u>(154,341)</u>                            | <u>(113)</u>                  | <u>(231,780)</u>                   |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 22. Commitments

Capital commitments for the Group at 31 December 2011 for which no provision has been made in these financial statements were as follows

|                           | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------|---------------|---------------|
| Contracted and authorised |               |               |
| Vehicle purchases         | 31,153        | 31,303        |
| Other capital expenditure | 94            | 165           |

Capital commitments for the Company at 31 December 2011 for which no provision has been made in these financial statements were as follows

|                           | 2011<br>£'000 | 2010<br>£'000 |
|---------------------------|---------------|---------------|
| Contracted and authorised |               |               |
| Vehicle purchases         | 22,488        | 31,303        |
| Other capital expenditure | 94            | 165           |

The Group's annual commitments under non-cancellable operating leases were as follows

|                               | 2011                           |                |                | 2010                           |                |                |
|-------------------------------|--------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
|                               | Land and<br>buildings<br>£'000 | Other<br>£'000 | Total<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>£'000 | Total<br>£'000 |
| Operating leases which expire |                                |                |                |                                |                |                |
| Within one year               | 441                            | 226            | 667            | 353                            | 143            | 496            |
| Between one and five years    | 1,094                          | 1,168          | 2,262          | 882                            | 219            | 1,102          |
| After five years              | 769                            | 2              | 771            | 567                            | 1              | 568            |
|                               | 2,304                          | 1,396          | 3,700          | 1,802                          | 363            | 2,165          |

The Company's annual commitments under non-cancellable operating leases were as follows

|                               | 2011                          |               |               | 2010                          |               |               |
|-------------------------------|-------------------------------|---------------|---------------|-------------------------------|---------------|---------------|
|                               | Land and<br>buildings<br>£000 | Other<br>£000 | Total<br>£000 | Land and<br>buildings<br>£000 | Other<br>£000 | Total<br>£000 |
| Operating leases which expire |                               |               |               |                               |               |               |
| Within one year               | 169                           | 85            | 254           | 145                           | 100           | 245           |
| Between one and five years    | 643                           | 744           | 1,387         | 686                           | 185           | 871           |
| After five years              | 588                           | 2             | 590           | 567                           | 1             | 568           |
|                               | 1,400                         | 831           | 2,231         | 1,398                         | 286           | 1,684         |

## **Ryder Limited**

### **Notes to the financial statements (continued)**

#### **Year ended 31 December 2011**

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##### **23. Contingent liabilities**

Contingent liabilities for both the Group and the Company at 31 December 2011 relating to performance guarantees of £2,400,000 (2010 £2,400,000) have not been provided in these financial statements. The possibility of transfer of these amounts is remote.

##### **24. Related party disclosure**

As the Company is a wholly owned subsidiary of Ryder System Inc, the Company has taken advantage of the exemption contained in paragraph 3 (c) FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Ryder System Inc, within which this Company is included, can be obtained from the address given in note 25.

##### **25. Parent undertaking**

The immediate parent undertaking is Ryder System Holdings (UK) Limited.

The ultimate parent undertaking and controlling party is Ryder System Inc, a company incorporated in the State of Florida, U S A. Ryder System Inc is the parent undertaking of both the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2011 and the consolidated financial statements of Ryder System Inc are available from Group Director Investor Relations, Ryder System Inc, 11690 NW 105th Street, Miami, Florida, 33178, U S A.

## Ryder Limited

### Notes to the financial statements (continued)

#### Year ended 31 December 2011

##### 26. Pension scheme

###### (a) Defined benefit schemes

The Group operates funded pension schemes providing defined benefits. The Ryder Pension Fund was closed to all as of March 2010. The pension cost charged to operating profit under FRS 17 for the year amounts to £36,000 (2010 £554,000).

The 31 December 2011 valuations for the Ryder Pension Fund and the Trojan Pension Fund were carried out by a qualified independent actuary based on membership data and assets as at 31 December 2011. These are interim valuations not formal triennial valuations, also they are not approximate valuations which have been rolled forward from previous formal funding valuations.

The most recent triennial valuations were carried out as at

- Ryder pension plan – 31<sup>st</sup> December 2008 in a report dated 31<sup>st</sup> March 2010
- Trojan pension plan – 5<sup>th</sup> April 2010 in a report dated 4<sup>th</sup> July 2011

The next full valuations are due as follows

- Ryder pension plan – 31<sup>st</sup> December 2011
- Trojan pension plan – 5<sup>th</sup> April 2013

The next full valuation of the Ryder Pension Fund will be undertaken for 31 December 2011 but is yet to be finalised.

The principal assumptions used by the actuary were (in absolute terms)

|                                     | 2011<br>% p a | 2010<br>% p a |
|-------------------------------------|---------------|---------------|
| Inflation assumptions               |               |               |
| - retail prices index (RPI)         | 3.20          | 3.55          |
| - consumer Prices Index (CPI)       | 2.20          | 3.05          |
| Future LPI pension increases, where |               |               |
| - referenced to RPI                 | 2.95          | 3.30          |
| - referenced to CPI                 | 2.20          | 2.80          |
| Revaluation in deferment, where     |               |               |
| - referenced to RPI                 | 3.20          | 3.55          |
| - referenced to CPI                 | 2.20          | 3.05          |
| Discount rate                       | <u>4.80</u>   | <u>5.60</u>   |

Assumed life expectancies on retirement at age 65 are

|                           |         |      |      |
|---------------------------|---------|------|------|
| Retiring today            | Males   | 21.6 | 21.5 |
|                           | Females | 24.0 | 23.9 |
| Retiring in 20 years time | Males   | 23.5 | 23.4 |
|                           | Females | 25.8 | 25.7 |

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice.

# Ryder Limited

## Notes to the financial statements (continued)

Year ended 31 December 2011

### 26. Pension scheme (continued)

The assumptions used in determining the overall expected return of the assets of the Funds have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. The fair value of the Funds' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Funds' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

|                       | 2011           |       | 2010           |       |
|-----------------------|----------------|-------|----------------|-------|
|                       | Fair value     |       | Fair value     |       |
|                       | £'000          |       | £'000          |       |
| Equities and property | 133,402        | 70.3% | 132,796        | 71.5% |
| Fixed Interest        | 55,260         | 29.1% | 52,358         | 28.2% |
| Index Linked Gilts    | 125            | 0.1%  | 101            | 0.1%  |
| Insured Annuities     | 157            | 0.1%  | 142            | 0.1%  |
| Cash & Other          | 768            | 0.4%  | 379            | 0.1%  |
|                       | <u>189,712</u> |       | <u>185,776</u> |       |

Overall long-term rate of return expected on Fund assets is 6.00% (2010 6.75%), this can be broken down as follows

|                       | 2011           | 2010           |
|-----------------------|----------------|----------------|
|                       | Assumed return | Assumed return |
|                       | (p.a.)         | (p.a.)         |
|                       | %              | %              |
| Equities and property | 7.00           | 7.50           |
| Fixed Interest        | 3.80           | 4.90           |
| Index Linked Gilts    | 3.00           | 4.00           |
| Insured Annuities     | 4.80           | 5.60           |
| Cash & Other          | 0.50           | 0.50           |

None of the assets of the Funds are invested in the Company's own financial instruments and none of the assets are properties or other assets used by the Company

The amounts recognised in the balance sheet are as follows

|  | 2011           | 2010          |
|--|----------------|---------------|
|  | £'000          | £'000         |
| Total fair value of Fund assets                          | 189,712        | 185,776       |
| Present value of funded obligations                      | (198,154)      | (174,377)     |
| Net (deficit)/surplus                                    | <u>(8,442)</u> | <u>11,399</u> |
| Related deferred tax asset/(liability) at 25% (2010 27%) | 2,110          | (3,078)       |
| Net (liability)/asset in the balance sheet               | <u>(6,332)</u> | <u>8,321</u>  |



# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 26. Pension scheme (continued)

##### Analysis of the amount charged to operating profit

|                      | 2011      | 2010       |
|----------------------|-----------|------------|
|                      | £'000     | £'000      |
| Current service cost | <u>36</u> | <u>554</u> |

##### Analysis of the amount credited to other finance income

|   | 2011         | 2010         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| Expected return on Fund assets              | 12,086       | 11,510       |
| Interest on obligations                     | (9,666)      | (9,400)      |
| Net return                                  | <u>2,420</u> | <u>2,110</u> |
| Total credit to the profit and loss account | <u>2,384</u> | <u>1,556</u> |

|                              |              |               |
|------------------------------|--------------|---------------|
| Actual return on Fund assets | <u>2,355</u> | <u>21,321</u> |
|------------------------------|--------------|---------------|

##### Changes in present value of the Funds' liabilities

|  | 2011           | 2010           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| Liabilities at beginning of year             | 174,377        | 161,229        |
| Service cost (net of employee contributions) | 36             | 554            |
| Contributions by employees                   | 2              | 203            |
| Interest cost                                | 9,666          | 9,400          |
| Actuarial losses                             | 17,707         | 7,560          |
| Benefits paid and expenses                   | <u>(3,634)</u> | <u>(4,569)</u> |
| Liabilities at end of year                   | <u>198,154</u> | <u>174,377</u> |

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 26. Pension scheme (continued)

Changes in the fair value of assets are as follows

|  | 2011<br>£'000  | 2010<br>£'000  |
|--|----------------|----------------|
| Fair value of the Fund assets at beginning of year | 185,776        | 164,420        |
| Expected return on Fund assets                     | 12,086         | 11,510         |
| Actuarial (losses)/gains                           | (9,731)        | 9,811          |
| Contributions by employer                          | 5,213          | 4,401          |
| Contributions by employees                         | 2              | 203            |
| Benefits paid and expenses                         | (3,634)        | (4,569)        |
| Fair value of Fund assets at end of year           | <u>189,712</u> | <u>185,776</u> |

The Group's best estimate of its expected contributions to the Funds in the year commencing 1 January 2012 is £5,331,000

Amounts for the current and previous four periods are as follows

|  | 2011<br>£'000 | 2010<br>£'000 | 2009<br>£'000 | 2008<br>£'000 | 2007<br>£'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Present value of Fund liabilities  | (198,154)     | (174,377)     | (161,229)     | (127,405)     | (146,726)     |
| Fund assets  | 189,712       | 185,776       | 164,420       | 129,134       | 157,316       |
| (Deficit)/surplus  | (8,442)       | 11,399        | 3,191         | 1,729         | 10,589        |
| Experience adjustments on Fund liabilities   | (1,491)       | (865)         | 4,186         | (1,409)       | (381)         |
| As a percentage of Fund liabilities  | -0.8%         | -0.5%         | 2.6%          | -1.1%         | -0.3%         |
| Experience adjustments on Fund assets  | (9,731)       | 9,811         | 14,684        | (43,883)      | (2,232)       |
| As a percentage of Fund assets   | -5.1%         | 5.3%          | 8.9%          | -34.0%        | -1.4%         |
| Cumulative actuarial losses shown in the Statement of consolidated total recognised gains and losses | (68,467)      | (41,030)      | (43,281)      | (25,760)      | (11,007)      |

Analysis of amount recognised in the statement of total recognised gains & losses

|                          | 2011<br>£'000   | 2010<br>£'000 |
|--------------------------|-----------------|---------------|
| Actuarial (losses)/gains | <u>(27,438)</u> | <u>2,251</u>  |

## **Ryder Limited**

### **Notes to the financial statements (continued)**

#### **Year ended 31 December 2011**

##### **26. Pension scheme (continued)**

###### **Reconciliation of movements in deferred tax associated with the Defined Benefit Pension Funds**

|   | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Liability as at 1 January                                     | <b>(3,078)</b> | <b>(893)</b>   |
| Charge for year in the profit and loss account                | <b>(1,671)</b> | <b>(1,577)</b> |
| Movement on deferred tax arising on loss in the pension funds | <b>6,859</b>   | <b>(608)</b>   |
| Asset/(liability) at 31 December                              | <b>2,110</b>   | <b>(3,078)</b> |

###### **(b) Defined contribution scheme**

The pension cost charge for the year, representing contributions payable by the Group to the schemes, amounted to

|                       | <b>2011</b>  | <b>2010</b>  |
|-----------------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> |
| Contributions payable | <b>2,509</b> | <b>1,998</b> |

At the end of the year a balance of £260,000 (2010 £269,000) was due to the pension schemes

# Ryder Limited

## Notes to the financial statements (continued)

### Year ended 31 December 2011

#### 27. Acquisition

The Group purchased Hill Hire Limited (formerly Hill Hire plc) for a total consideration of £1. The total adjustments required to the book values of the assets and liabilities of the company acquired in order to present the net assets of that company at fair value in accordance with group accounting principles were £16,501,000, details of which are set out together with the resultant amount of goodwill arising. This purchase has been accounted for as an acquisition.

Hill Hire Limited contributed £32,092,000 to the Group's net operating cash flows, paid £4,195,000 in respect of interest, £5,095,000 in respect of taxation and utilised £12,426,000 for capital expenditure.

In its last financial year to 31 December 2010, Hill Hire Limited made a loss after tax (reported under IFRS) of £15,008,000. For the period since that date, to the date of acquisition, Hill Hire Limited management accounts show the following:

|                                     | £'000  |
|-------------------------------------|--------|
| Turnover                            | 44,895 |
| Operating Profit                    | 7,623  |
| Profit before taxation              | 5,651  |
| Taxation                            | 655    |
| Profit attributable to shareholders | 6,306  |

The acquisition of Hill Hire Limited has been recorded as follows:

|                                     | Book Value | Revaluations | Consistency of accounting policies | Other   | Fair Value |
|-------------------------------------|------------|--------------|------------------------------------|---------|------------|
|                                     | £'000      | £'000        | £'000                              | £'000   | £'000      |
| Tangible fixed assets               | 148,105    | (3,234)      | -                                  | -       | 144,871    |
| Stocks                              | 2,425      | -            | (1,809)                            | -       | 616        |
| Debtors                             | 41,184     | (13,729)     | 3,086                              | -       | 30,541     |
| Creditors                           | (16,122)   | (3,197)      | 2,121                              | (2,202) | (19,400)   |
| Provisions – property dilapidations | -          | -            | -                                  | (626)   | (626)      |
| Taxation                            |            |              |                                    |         |            |
| - Current                           | (1,357)    | -            | -                                  | (4,761) | (6,118)    |
| - Deferred                          | (3,349)    | -            | -                                  | 8,042   | 4,693      |
| Cash                                | 962        | -            | -                                  | -       | 962        |
| Borrowings                          | (154,149)  | -            | -                                  | (192)   | (154,341)  |
| Net assets acquired                 | 17,699     | (20,160)     | 3,398                              | 261     | 1,198      |
| Negative goodwill                   |            |              |                                    |         | (1,198)    |

Consideration for the acquisition was cash of £1.

## **Ryder Limited**

### **Notes to the financial statements (continued)**

#### **Year ended 31 December 2011**

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##### **27. Acquisition (continued)**

Revaluation adjustments in respect of tangible fixed assets comprise the valuations of the vehicle fleet, and certain freehold and leasehold properties. The revaluation of creditors includes a corresponding adjustment in respect of liabilities in connection with vehicles under the course of construction.

Revaluations of debtors include adjustments in respect of the valuation and classification of net investments in finance leases, and a reassessment of the bad debt provision.

The fair value adjustment for alignment of accounting policies reflects the restatement of assets and liabilities in accordance with the Group's policies: the removal of stocks of fuel held in vehicles, the removal of prepaid MOT costs, the reclassification of deferred revenue, and alignment of the recognition of maintenance cost accruals.

Other adjustments to creditors and provisions relate to liabilities that were not fully reflected in the balance sheet of Hill Hire Limited at the date of acquisition. These include the creditor amounts for deposits and advance rentals in connection with customer operating and finance leases, and provision for dilapidation liabilities in connection with certain leasehold property.

The current taxation liability has been adjusted to reflect the charge payable upon the sale of a leasing company pursuant to the Corporation Tax Act 2010 Part 9. The book value of deferred taxation has also been adjusted to reflect the corresponding credit pursuant to the same legislation, and deferred taxation has also been reflected in respect of various fair value adjustments on the acquisition in accordance with FRS 19.

##### **28. Subsequent events**

On 28 March 2012, the subsidiary, Hill Hire Limited (formerly Hill Hire plc), was re-registered as a private limited company in order to facilitate the subsequent transfer of the trade and assets to the Company at book value on 31 March 2012 as part of the continuing integration of the business acquired during 2011.

On 1 August 2012, Ryder Limited acquired control of 100% of the share capital of the following companies trading as the Euroway Group of Companies:

- Euroway Vehicle Management Limited,
- Euroway Vehicle Contracts Limited,
- Euroway Vehicle Engineering Limited,
- Euroway Vehicle Rental Limited,
- Euroway Group Holdings Limited, and
- Euroway Group Limited

Initial consideration for the acquisition was £1.25m. In addition as part of the transaction Ryder Limited also refinanced debt of the companies of £12.5m. This was funded via an existing revolving credit facility.