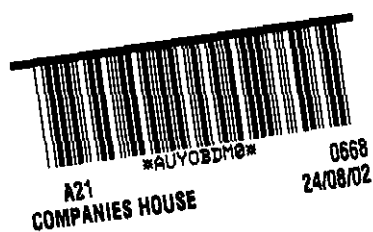


Iveco Ford Truck Limited
Annual report
and financial statements
for the year ended 31 December 2001

Registered No: 1975271



Iveco Ford Truck Limited

Contents	Page
Directors' report	1 – 3
Directors' responsibilities	4
Auditors' report	5 – 6
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Cash flow statement	10
Statement of accounting policies	11 – 12
Notes to the financial statements	13 - 28

Iveco Ford Truck Limited

Directors' report for the year ended 31 December 2001

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activities

The principal activities of the Company are the sale of new & used commercial vehicles, together with spare parts and to give future purchase commitments on Iveco and Iveco Ford Truck commercial vehicles.

Review of business

Total turnover in 2001 was £355.6 million, up 9.7% from £324.3 million in 2000. The increase in turnover is attributed to an increase in the total number of new commercial vehicles invoiced by the Company from 13,966 units to 16,476 units, of which 1,205 (2000 : 734) were exported.

Results and dividend

The profit for the year, after taxation, amounted to £12,817,000 (2000: £17,982,000). The directors recommend that no dividend be paid (2000 : £nil) and that the profit for the year of £12,817,000 should be transferred to reserves.

Prospects for 2002

The directors do not expect that the Company's share of the UK market for vehicles over 3.5 tonnes to differ materially from 2001.

Euro

On 1 January, 1999, eleven of the fifteen member countries of the European Union, having agreed to adopt the Euro as their common legal currency on that date, established fixed conversion rates between their existing national currencies and the Euro.

Until 1 January, 2002, either the Euro or a participating country's existing national currency (a 'national currency') were accepted as legal currency. On 1 January 2002, euro-denominated bills and coins were issued and national currencies have been withdrawn from circulation.

The directors believe that this convergence will not result in any material adverse impact on the financial results of Iveco Ford Truck Limited's existing operations in the participating member states.

Iveco Ford Truck Limited

Directors' report (continued)

Directors and their interests

The following have served as directors since the previous year end:

Name	Date of Appointment	Date of Resignation	Nationality
M Carello	24 April 1991	30 April 2001	Italian
G Boschetti	30 June 1986	31 December 2001	Italian
W G Schneider	5 May 1995	29 November 2001	German
G Franchi	1 February 1999	-	Italian
F Fenoglio	19 November 1999	-	Italian
M Petit	17 November 2000	-	Belgian
A M S Taylor	24 March 2000	7 June 2001	British
C Page	29 November 2001	-	British
B Poncelet	29 November 2001	-	Belgian

None of the directors had any interest in any shares, debentures or loan stock of the Company or any of its subsidiaries requiring disclosure under the Companies Act 1985.

Employee involvement

The Company is committed to the development of employee consultation and thereby to their greater involvement in the Company's operations. Consultation is achieved both on a formal basis in conjunction with employee committees and also through more informal but systematic briefing sessions.

Charitable donations

The Company contributed £7,000 (2000: £12,000) as charitable donations during the year

Iveco Ford Truck Limited

Directors' report (continued)

Registered address

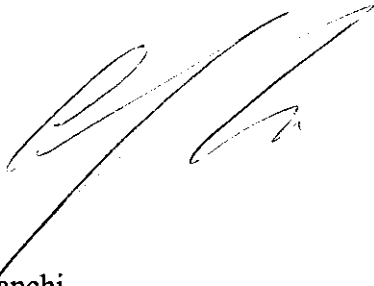
The registered address of the Company is:

Iveco Ford House
Station Road
Watford
Herts
WD1 1SR

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to be 'G Franchi', written over a horizontal line.

G Franchi
Director

15 March 2002

Iveco Ford Truck Limited

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those 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 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 will continue its business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' report to the Shareholders of Iveco Ford Truck Limited

We have audited the financial statements of Iveco Ford Truck Limited for the year ended 31 December 2001 which comprises the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains & Losses and the related Notes numbered 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

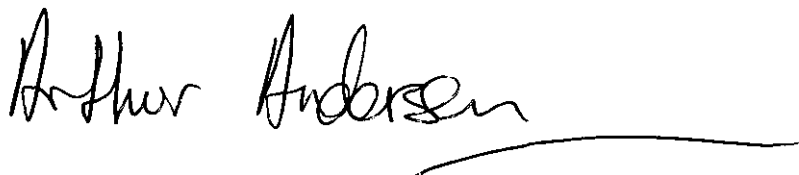
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2001 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, reading "Arthur Andersen", followed by a long horizontal line.

Arthur Andersen
Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
RG1 3BD

15 March 2002

Iveco Ford Truck Limited

Profit and loss account for the year ended 31 December 2001

	Notes	2001 £'000	Note 25 Restated 2000 £'000
Turnover	1	355,607	324,289
Cost of sales	2	(307,700)	(274,674)
Gross profit		<u>47,907</u>	<u>49,615</u>
Other operating expenses	3	(31,254)	(24,886)
Operating profit		<u>16,653</u>	<u>24,729</u>
Net interest receivable	4	1,872	1,947
Profit on ordinary activities before taxation	5	<u>18,525</u>	<u>26,676</u>
Taxation	7	(5,708)	(8,694)
Profit on ordinary activities after taxation being retained profit the financial year	18,19	<u><u>12,817</u></u>	<u><u>17,982</u></u>

All operations are continuing in both years.

The accompanying notes are an integral part of this profit and loss account.

Iveco Ford Truck Limited

Balance sheet

31 December 2001

	Notes	2001 £'000	Note 25 Restated 2000 £'000
Fixed assets			
Tangible assets	8	963	1,075
Current assets			
Stocks	10	37,562	49,252
Debtors	11	127,386	68,735
Investments	12	2,188	-
Deferred tax asset	13	18,070	23,778
Cash at bank and in hand		59,665	50,919
		244,871	192,684
Creditors: amounts falling due within one year	14	(142,710)	(109,465)
Net current assets		102,161	83,219
Total assets less current liabilities		103,124	84,294
Provisions for liabilities and charges	15	(20,891)	(14,878)
Net assets		82,233	69,416
Capital and reserves			
Called up share capital	16	117,000	117,000
Share premium account	17	9,219	9,219
Additional paid in capital	17	25,000	25,000
Other reserves	17	(9,615)	(9,615)
Profit and loss account	18	(59,371)	(72,188)
Shareholders' funds may be further analysed as follows:	19	82,233	69,416
Equity shareholders' funds / (deficit)		2,233	(10,584)
Non-equity shareholders' funds	16	80,000	80,000
		82,233	69,416

The financial statements on pages 7 to 28 were approved by the board of directors on 15 March 2002 and signed on its behalf by:

G. Franchi, Director

The accompanying notes are an integral part of this balance sheet.

Iveco Ford Truck Limited

Statement of total recognised gains and losses for the year ended 31 December 2001

	2001 £'000	Note 25 2000 £'000
Net profit for the financial year	12,817	17,982
Total recognised gains and losses relating to the year	<u>12,817</u>	<u>17,982</u>
Prior year adjustment (as explained in note 25)	23,778	
Total gains and losses recognised since last annual report and financial Statements	<u>36,595</u>	

Iveco Ford Truck Limited

Cash flow statement for the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit after exceptional items		16,653	24,729
Depreciation charges (note 8)		160	232
Loss / (Profit) on sale of tangible fixed assets		18	(631)
Decrease in stocks		11,690	11,708
(Increase) / decrease in debtors		(58,674)	5,335
Increase / (Decrease) in creditors		33,245	(6,603)
Increase / (Decrease) in provisions		6,013	(5,508)
Net cash inflow from operating activities		9,105	29,262
<hr/>			
Cash flow statement			
Net cash inflow from operating activities		9,105	29,262
Returns on investments and servicing of finance	20	1,896	1,737
Capital expenditure and financial investment	20	(2,255)	525
Cash inflow before management of liquid resources and financing		8,746	31,524
Increase in cash	20	8,746	31,524

Iveco Ford Truck Limited

Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently, except for the policy on deferred tax, which has been changed, as explained in note 25. Iveco Ford Truck Limited has adopted Financial Reporting Standard 19. The financial statements have been prepared in accordance with applicable accounting standards. Results for the current period are for the year ended 31 December 2001.

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Depreciation is provided so as to write off the cost of each asset over its estimated useful life on a straight line basis as follows:

Plant and machinery	:	8 – 12 years
Motor vehicles	:	3 – 4 years
Furniture & fittings	:	3 – 5 years

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value and comprise materials, labour and an appropriate proportion of overheads based on normal levels of activity and are stated on a first in, first out basis. Provision is made for obsolete, slow moving and defective items where appropriate.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account over the term of the lease on a straight line basis.

Warranty liability

Provision is made for the estimated liability on all products under warranty. No provision is made for non-contractual payments. Non-contractual payments are provided for on a cash basis in line with the parent company's policy.

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date.

Iveco Ford Truck Limited

Statement of accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation, using the full provision method, on all timing differences to the extent that it is probable that a liability or asset will crystallise. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions undertaken in foreign currencies are translated into sterling at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Pension funding

The Company operates contributory pension schemes for all UK employees. The schemes are funded by contributions from the employees and the Company. The funds of the schemes are administered by the pension scheme's management committee in the case of the senior staff pension fund and by the corporate trustee Iveco Ford Truck Pension Trustee Limited in relation to the main company scheme.

Contributions to the defined benefit schemes are charged to the profit and loss account so as to spread the costs of pensions over employees' estimated service lives. Any future deficits or surpluses will be recognised through the profit and loss account over the estimated remaining service lives of the employees.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT and other sales related taxes.

Iveco Ford Truck Limited

Notes to the financial statements

31 December 2001

1) Turnover

The analysis of turnover, profit before tax and net assets by geographical market supplied has not been given as substantially all of the Company's activity is undertaken within Europe and within one principal class of activity.

The prior year comparatives have been reallocated to better reflect the way the costs are now incurred and monitored by management. The impact has been to reclassify £96,434,360 of dealer support costs from cost of sales to turnover.

2) Cost of sales

	2001 £'000	Reclassified 2000 £'000
Cost of sales	<u>307,700</u>	<u>274,674</u>

The prior year comparatives have been reallocated to better reflect the way the costs are now incurred and monitored by management. The impact has been to reduce cost of sales by £104,624,374 being the reclassification of £96,434,360 from cost of sales to turnover and £8,190,014 of credits from distribution costs to cost of sales.

3) Other operating expenses

	2001 £'000	Reclassified 2000 £'000
Research and development costs	-	4
Distribution costs	20,847	19,263
Administrative expenses		
- Other administrative expenses	5,718	5,619
- Exceptional bad debt	4,689	-
Total administrative expenses	<u>10,407</u>	<u>5,619</u>
	<u>31,254</u>	<u>24,886</u>

The prior year comparatives have been reallocated to better reflect the way the costs are now incurred and monitored by management. The impact has been to reclassify £8,190,014 of credits from distribution to cost of sales.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

4) Net interest receivable	2001	2000
	£'000	£'000
Interest receivable from trade debtors	85	1
Group finance fees receivable	2,962	2,421
	<u>3,047</u>	<u>2,422</u>
Bank charges	(292)	(6)
Amounts payable to group companies	(883)	(469)
	<u>(1,175)</u>	<u>(475)</u>
	<u>1,872</u>	<u>1,947</u>
5) Profit on ordinary activities before taxation	2001	2000
	£'000	£'000
Profit on ordinary activities before taxation is stated after crediting:		
(Loss) / profit on disposal of fixed assets	(18)	631
And after charging:		
Depreciation		
- owned fixed assets	160	232
Operating lease rentals:		
- land and buildings	1,728	1,775
- vehicles	587	816
- plant and machinery	5	10
- other assets	13	477
Auditors' remuneration for:		
- audit	84	95
- non-audit services	-	-
Exceptional bad debt expense	<u>4,689</u>	<u>-</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

6) Employees

	2001 £'000	2000 £'000
Staff costs		
Wages and salaries	6,567	7,677
Social security costs	747	807
Other pension costs (note 23)	(133)	(214)
	<u>7,181</u>	<u>8,270</u>

The average weekly number of persons (including executive directors) employed during the year was:

	2001 Number	2000 Number
Administration	36	59
Selling and distribution	152	165
	<u>188</u>	<u>224</u>

	2001 £'000	2000 £'000
Directors' emoluments		
Aggregate emoluments	<u>109</u>	<u>105</u>

No retirement benefits are accruing to any director (2000: None) as none of them are members of the Company's defined benefit scheme.

7) Taxation

	2001 £'000	As restated 2000 £'000
UK corporation tax		
UK corporation tax 30% (2000: 30%)	-	-
Deferred tax		
Origination and reversal of timing differences	5,708	8,694
Tax on profit on ordinary activities	<u>5,708</u>	<u>8,694</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

7) Taxation (continued)

	2001 £'000	2000 £'000
Profit on ordinary activities before tax	<u>18,525</u>	<u>26,676</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000: 30%)	5,558	8,003
Effects of:		
Expenses not deductible for tax purposes (primarily movements of general reserves)	2,077	691
Capital allowances for period in excess of depreciation	(1,752)	(2,336)
Utilisation of tax losses	<u>(5,883)</u>	<u>(6,358)</u>
Current tax charge for the period	<u>-</u>	<u>-</u>

The tax liability in respect of current year profits amounts to £nil after utilising losses brought forward of £20 million.

At 31 December 2001, the Company had unutilised corporation tax losses available for offset against future trading profits of approximately £32 million (2000: £52 million). Support for recognising tax losses comes from directors' projections indicating sufficient future profits to offset brought forward tax losses.

There is no deferred tax liability arising at 31 December 2001 or 31 December 2000.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

8) Tangible fixed assets

	Plant and machinery £'000	Motor vehicles £'000	Furniture and fixtures £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2001	1,630	30	2,864	4	4,528
Additions	-	-	-	107	107
Transfers to / (from) assets in the course of construction	25		75	(100)	-
Disposals	(362)	-	(1,360)	(1)	(1,723)
At 31 December 2001	1,293	30	1,579	10	2,912
Depreciation					
At 1 January 2001	859	29	2,565	-	3,453
Charge in year	70	1	89	-	160
Disposals	(331)	-	(1,333)	-	(1,664)
At 31 December 2001	598	30	1,321	-	1,949
Net book value					
At 31 December 2001	695	-	258	10	963
At 31 December 2000	771	1	299	4	1,075

9) Capital commitments	2001 £'000	2000 £'000
Capital expenditure contracted for but not provided for in the financial statements	152	143

Iveco Ford Truck Limited

Notes to the financial statements (continued)

	2001 £'000	2000 £'000
10) Stocks		
Raw materials and consumables	2	11
Work in progress	54	170
Finished goods	37,506	49,071
	<u>37,562</u>	<u>49,252</u>
11) Debtors	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	53,785	18,318
Payments in advance to Iveco Group companies	74	6,219
Amounts owed by Iveco Group companies	66,884	41,749
Amounts owed by associated companies	-	20
Other debtors	39	22
Loans to third parties	3,577	383
Prepayments and accrued income	805	363
Pension prepayment	1,942	1,381
	<u>127,106</u>	<u>68,455</u>
Amounts falling due after one year:		
Called up share capital not paid	280	280
	<u>280</u>	<u>280</u>
	<u>127,386</u>	<u>68,735</u>

No interest is charged on amounts owed by or to Iveco Group companies.

Included within debtors above is £32,015,000 of factored debt.

	2001 £'000	2000 £'000
12) Investments		
Property held for resale	<u>2,188</u>	<u>-</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

13) Deferred tax	2001	Restated
	£'000	2000 £'000
Deferred tax asset at beginning of year	23,778	32,472
Charged to profit and loss account	(5,708)	(8,694)
Deferred tax asset	<u>18,070</u>	<u>23,778</u>
The full potential deferred tax asset of the Company is:		
In relation to capital allowances	5,133	6,885
Other timing differences	3,145	1,218
Tax losses	9,792	15,675
	<u>18,070</u>	<u>23,778</u>
14) Creditors: amounts falling due within one year:	2001	2000
	£'000	£'000
Payments in advance from customers	124	39
Trade creditors	5,209	4,926
Amounts owed to Iveco Group companies	89,724	61,445
Amounts owed to Fiat Group companies	4	69
Amounts owed to associated companies	-	54
Value Added Tax	5,743	1,277
Other taxation and social security	206	232
Other creditors	4,474	1,075
Accruals and deferred income	37,226	40,348
	<u>142,710</u>	<u>109,465</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

15) Provisions for liabilities and charges

	Warranty £'000	Restructuring £'000	Risk on resale £'000	Total £'000
At 1 January 2001	9,864	378	4,636	14,878
Charged to profit and loss	13,522	856	6,873	21,251
Utilised	(12,975)	(1,234)	(1,029)	(15,238)
At 31 December 2001	10,411	-	10,480	20,891

Warranty provisions represent the Company's estimated liability on all products under warranty based on the historical level of claims and units sold in the year.

Restructuring provisions relate to various programmes that were completed in the year.

Risk on resale provision is made when the projected future realisable market value of the vehicles are less than the amount to which the Company is committed to repurchase the vehicles.

16) Called up share capital	2001 £'000	2000 £'000
Authorised		
37,000,000 Ordinary shares of £1 each	37,000	37,000
83,000,000 'B' Preference shares of £1 each	83,000	83,000
	<u>120,000</u>	<u>120,000</u>
Allotted, called-up and fully paid		
36,720,000 Ordinary shares of £1 each	36,720	36,720
80,000,000 'B' Preference shares of £1 each	80,000	80,000
Allotted, called-up and not paid		
280,000 Ordinary shares of £1 each	280	280
	<u>117,000</u>	<u>117,000</u>

The preference shares are non-voting and have preferential rights to receive dividends and return of capital on a winding up.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

17) Share premium account and reserves

	Share premium account £'000	Additional paid in capital £'000	Other reserves £'000	Total £'000
As at 1 January 2001 and 31 December 2001	9,219	25,000	(9,615)	24,604

18) Profit and loss account

	£'000
Opening profit and loss account as at 31 December 2000 as previously reported	(95,966)
Prior year adjustment (note 25)	23,778
	<u>(72,188)</u>
Profit for the year	12,817
Profit and loss account as at 31 December 2001	<u>(59,371)</u>

19) Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year as previously stated	12,817	26,676
Prior year adjustment (note 25)	-	(8,694)
	<u>12,817</u>	<u>17,982</u>
Opening equity shareholders funds as previously stated		18,962
Prior year adjustment (note 25)		32,472
Opening equity shareholders funds	<u>69,416</u>	<u>51,434</u>
Shareholders' funds as at 31 December	<u>82,233</u>	<u>69,416</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

20) Notes to the cash flow statement

	2001 £'000	2000 £'000
Note 1 - Gross Cash Flows		
Returns on investments and servicing of finance		
Group finance fees and trade interest received	3,070	2,212
Group finance fees paid	<u>(1,174)</u>	<u>(475)</u>
	<u>1,896</u>	<u>1,737</u>
Capital expenditure		
Payments to acquire fixed assets (note 8)	(107)	(160)
Payment to acquire investment	(2,188)	
Receipts from sales of fixed assets	<u>40</u>	<u>685</u>
	<u>(2,255)</u>	<u>525</u>

Note 2 - Analysis of net funds

	At 1 January 2001 £'000	Cash Flow £'000	At 31 December 2001 £'000
Cash at bank and in hand	50,919	8,746	59,665
Liquid resources	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Net funds	<u>78,919</u>	<u>8,746</u>	<u>87,665</u>

Liquid resources are included in debtors due within one year and relate to an amount due from the Company's immediate parent undertaking.

	2001 £'000	2000 £'000
Note 3 - Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	8,746	31,524
Change in net funds resulting from cash flows	<u>8,746</u>	<u>31,524</u>
Net funds at 1 January	78,919	47,395
Net funds at 31 December	<u>87,665</u>	<u>78,919</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

21) Contingent liabilities	2001 £'000	2000 £'000
Duty deferment guarantee	<u>30</u>	<u>30</u>

Contingent liabilities are in respect of guarantees given to third parties, a significant part of which are given in the ordinary course of business.

In the ordinary course of business the Company has entered into certain vehicle buyback agreements with selected customers. Under these agreements, at 31 December 2001 the Company has guaranteed the future residual value of vehicles amounting to £66,331,000 (2000: £53,477,000). Provision has been made for any anticipated shortfall arising from these guarantees and the future market value of these vehicles (see note 15).

The Company has entered into a cross guarantee arrangement with other United Kingdom Fiat Group companies within the Fiat central cash management system whereby each Company guarantees all financial obligations of the participating companies to their bankers and vice versa.

22) Other financial commitments	Land and Buildings 2001 £'000	Other 2001 £'000	Land and buildings 2000 £'000	Other 2000 £'000
The Company had annual commitments under non-cancellable operating leases as follows:				
Expiring within one year	173	600	-	650
Expiring between two and five years	-	600	94	650
Expiring after five years	<u>1,663</u>	<u>-</u>	<u>1,663</u>	<u>-</u>
	<u>1,836</u>	<u>1,200</u>	<u>1,757</u>	<u>1,300</u>

Iveco Ford Truck Limited

Notes to the financial statements (continued)

23) Pension commitments

The Company operates two defined benefit contributory funded pension schemes for the majority of its employees.

The most recent actuarial valuation by E B Consultants Limited, was at 1 April 1999 using the projected unit method. The principal actuarial assumptions used were:-

Investment returns	7.5% p.a.
Salary increase	4.5% p.a. plus a scale representing increases due to promotion and seniority

At the valuation date, the actuarial value of the assets on the funding basis represented 103.9% of the value of the benefits that had accrued to members. The market value of the schemes' assets at 1 April 1999 was £93,105,000.

The Company's regular pension cost for the year, as calculated by the actuaries, and the profit and loss credit was £133,000 (2000: credit £214,000).

The Iveco Ford Truck Pension scheme has contributing members to the scheme who are employed by other Iveco Group companies or Fiat Group companies. The regular pension cost for the year, for all companies within the scheme, was £621,000, less a variation credit of £226,000 and less an interest credit of £123,000.

Additional disclosures regarding the group's defined benefit pension scheme are required under the transitional provisions of Financial Reporting Standard 17 "Retirement benefits" and these are set out below. The disclosures relate to the first year of the first year of the transitional provisions. They provide information that will be necessary for the full implementation of FRS 17 in the year ending 31 December 2003. The actuarial valuation described above has been updated at 31 December 2001 by a qualified actuary using revised assumption that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose at fair value.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

23) Pension commitments (continued)

The major assumptions used by the actuary were:

	Main fund	Senior staff fund
Valuation at 31 December 2001		
Rate of increase in salaries	2.75%	-
Rate of increase in pensions in payment	2.50%	2.50%
Discount Rate	6.00%	6.00%
Inflation assumption	2.50%	2.50%

The fair value of the assets in the scheme and the expected rate of return were:

	Main fund		Senior staff fund	
Valuation at 31 December 2001	Long term rate of return	£'000	Long term rate of return	£'000
Equities	7.25%	61,414	7.25%	2,812
Bonds	6.00%	19,394	6.00%	888
Property	6.25%	-	6.25%	-
Cash	4.00%	-	4.00%	-
Total fair value of assets		80,808		3,700
Present value of scheme liabilities		(89,349)		(4,436)
Surplus (deficit) in the scheme		(8,541)		(736)
Related deferred tax asset		2,562		221
Net pension liability		<u>(5,979)</u>		<u>(515)</u>

The senior staff fund is a closed fund.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

24) Related party transactions

The short name of related parties are described as follows:

Short name	Description
Iveco UK	Iveco (UK) Limited and its subsidiary companies.
Iveco Group	All Iveco companies excluding those within the Iveco (UK) group.
Fiat Group	All companies within the Fiat group except for those within the Iveco group or Iveco (UK) group.
Ford	All companies within the Ford Motor Company group. Ford Motor Company Limited owns 48% of the ordinary share capital of Iveco Ford Truck Limited.
EEA	European Engine Alliance EEIG, which is a joint venture between Iveco SpA, New Holland and Cummins.
IRIS	IRISBUS (UK) Limited, a wholly owned subsidiary of IRISBUS holding S.L. following a directive from the European Union, Renault V.I.S.A. will dispose of its shareholding to Iveco SpA.

The information concerning transactions with related parties is given below:

Short name	Turnover		Purchases		Debtor balance at 31 December		Creditor balance at 31 December	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Iveco UK	15,533	6,267	8,821	4,310	64,158	36,826	31,949	5,720
Iveco Group	9,676	7,990	227,492	202,790	3,182	11,422	57,775	55,725
Fiat Group	469	1,274	4,311	2,859	-	-	4	69
Ford	1,966	2,194	-	-	-	2	-	-
EEA	931	489	-	-	-	20	-	-
IRIS	-	627	-	-	-	-	-	54

The debtor balance with Iveco UK includes a loan of £28,000,000 (2000: £28,000,000).

In addition to the above Iveco Ford Truck Limited paid during the year to Trucksure Services Limited amounts related to Iveco Top Ups of £5,000 (2000: £828,000).

Iveco Ford Truck Limited

Notes to the financial statements (continued)

25) Prior year adjustments

The prior year figures have been restated to adopt the provisions of FRS19 'Deferred Tax'. Previously deferred tax was only provided to the extent that timing differences were expected to reverse in the future without being replaced. Deferred tax is now provided 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. The statement of accounting policies describes the full deferred tax policy.

This change has resulted in the recognition of a deferred tax asset of £32,472,000 as at 31 December 1999 and a deferred tax charge incurred of £8,694,000 in the year to 31 December 2000.

Equity shareholders' funds as at 31 December 1999 and the profit for the year ended 31 December 2000 have been adjusted accordingly. (see notes 18 and 19).

26) Disposal of subsidiary

On 7 March 2001 Iveco Ford Truck Limited incorporated a subsidiary Stormont Truck & Van Limited with a share capital of £2. On 24 April 2001 Stormont Truck & Van Limited acquired the commercial vehicle trade of the dealership from the liquidator. The Company acquired Stormont Truck & Van Limited with the intention to resell the business.

On 28 December 2001 Iveco Ford Truck Limited sold Stormont Truck & Van Limited for £2.

Iveco Ford Truck Limited

Notes to the financial statements (continued)

27) Ultimate holding company

The directors regard Istituto Finanziario Industriale SpA, a company incorporated in Italy, as the ultimate parent company and controlling party.

Iveco N.V. is the parent undertaking of the smallest group of which the Company is a member and for which group accounts are drawn up. Consolidated accounts of Iveco N.V. may be obtained from Iveco N.V., Prof. Bavincklaan 5, Amstelveen 1183 AT, The Netherlands.

Iveco N.V. is a 55.285% subsidiary of IHF-Internazionale Holding Fiat S.A, a wholly owned subsidiary of Fiat SpA, a company incorporated in Italy, which is controlled by Istituto Finanziario Industriale SpA. Istituto Finanziario Industriale SpA, a company incorporated in Italy is the parent company of the largest group of which the Company is a member and for which group accounts are available from Corso G Matteotti 26, 10121, Turin, Italy.