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DELTA SELF DRIVE LIMITED

Report and Financial Statements

30 April 1998

**Deloitte & Touche
10-12 East Parade
Leeds
LS1 2AJ**





REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

S J Smith ACA
P J Moorhouse FCCA
M C Cassidy
B Dean

SECRETARY

D Henderson

REGISTERED OFFICE

6th Floor
Northgate House
Darlington
DL1 1XA

BANKERS

The Royal Bank of Scotland plc
27 Blackwellgate
Darlington
DL1 5HX

SOLICITORS

Merritt & Co
The Manor House
83 High Street
Yarm
Cleveland
TS15 1BG

AUDITORS

Deloitte & Touche
Chartered Accountants
10-12 East Parade
Leeds
LS1 2AJ



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 1998.

ACTIVITIES

The company's principal activity is that of hirers of self drive motor vehicles.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company experienced difficult trading conditions during the year, which led to only a modest increase in annualised turnover which was insufficient to cover increased costs. However, activity improved towards the end of the year. The directors are confident that this improvement will continue into the new financial year and are satisfied with the state of affairs of the company.

DIVIDENDS AND TRANSFERS TO RESERVES

The loss on ordinary activities after taxation for the year was £70,877 (1997:£100,424). The directors do not propose a dividend (1997: £Nil) for the year and the retained loss of £70,877 (1997: loss £100,424) has been withdrawn from reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are set out on page 1.

The directors had no interests, as defined by the Companies Act 1985, in the shares of the company at 1 May 1997 or 30 April 1998.

S J Smith and P J Moorhouse are also directors of the company's ultimate parent company, Goode Durrant plc. Their interests in the shares of Goode Durrant plc are disclosed in that company's financial statements.


The other directors' interests in the shares of Goode Durrant plc, were as follows:

	Share Option Scheme		Long term incentive plan	
	30 April 1998	1 May 1997	30 April 1998	1 May 1997
	Number of shares	Number of shares	Number of shares	Number of shares
	Beneficial	Beneficial	Beneficial	Beneficial
Option to subscribe for ordinary shares of 5p each				
M C Cassidy	3,000	3,000	8,000	1,000
B. Dean	-	-	1,425	500

**DIRECTORS' REPORT****YEAR 2000**

The directors have considered the risks and uncertainties associated with the Year 2000 issue. An initial review has already been undertaken to address the year 2000 issues relating to the company's business and operations. The review encompassed hardware and software, applications of a non-IT nature and preliminary discussions with key suppliers and customers. The company is continuing the review process, and considers that initial findings indicate that the financial impact on the company is unlikely to be material.

Approved by the Board of Directors
and signed on behalf of the Board



D Henderson

Secretary

20 November 1998

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board

D Henderson

Secretary

20 November 1998



AUDITORS' REPORT TO THE MEMBERS OF

DELTA SELF DRIVE LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 company's circumstances, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

7 December 1998



PROFIT AND LOSS ACCOUNT
Year ended 30 April 1998

	Note	Year ended 30 April 1998		75 weeks ended 30 April 1997	
		£	£	£	£
TURNOVER: continuing operations	2		5,718,330		2,819,070
Staff costs	3	520,440		320,756	
Depreciation		3,010,736		1,576,431	
Other operating charges		1,659,580		743,471	
			<u>5,190,756</u>		<u>2,640,658</u>
OPERATING PROFIT: continuing operations	4		527,574		178,412
Interest payable and similar charges	5		(658,019)		(326,721)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(130,445)		(148,309)
Tax on loss on ordinary activities	6		(59,568)		(47,885)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD RETAINED AND WITHDRAWN FROM RESERVES	14		<u>(70,877)</u>		<u>(100,424)</u>

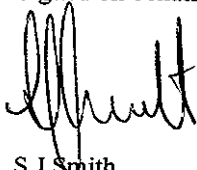
There are no recognised gains or losses for the current financial period other than as stated above.

**BALANCE SHEET
30 April 1998**
DELTA SELF DRIVE LIMITED

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	10,240,244	8,530,469
CURRENT ASSETS			
Stocks	8	106,854	62,680
Debtors	9	1,989,870	1,274,953
Cash at bank and in hand		890	766
		2,097,614	1,338,399
CREDITORS: amounts falling due within one year	10	(9,115,578)	(4,487,220)
NET CURRENT LIABILITIES		(7,017,964)	(3,148,821)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,222,280	5,381,648
CREDITORS: amounts falling due after more than one year	11	(3,057,080)	(5,150,071)
PROVISION FOR LIABILITIES AND CHARGES	12	(336,500)	(332,000)
		(171,300)	(100,423)
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Profit and loss account	14	(171,301)	(100,424)
TOTAL EQUITY SHAREHOLDERS' FUNDS		(171,300)	(100,423)

These financial statements were approved by the Board of Directors on *20 November* 1998.

Signed on behalf of the Board of Directors



S J Smith

Director



NOTES TO THE ACCOUNTS

Year ended 30 April 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets and depreciation

No depreciation is provided on freehold land. On other assets it is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and equipment	20% straight line basis
Hire Motor vehicles	20%-30% straight line basis
Fixtures and fittings	20% straight line basis
Computer equipment	33.33%-50% straight line basis

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The group operated a defined contribution pension scheme and a Group Personal Pension Scheme for all qualifying employees. The cost of these is charged to the profit and loss account in the period in which it is incurred.

2. TURNOVER

All turnover represents amounts invoiced (excluding VAT) to United Kingdom customers in respect of the main activity of the company.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 April 1998 No	75 weeks ended 30 April 1997 £
Director's emoluments (excluding pension contributions)	43,761	39,944

One of the directors received accrued benefits under the defined contribution and Group Personal Pension schemes. Total company contributions for the period were £1,758 (1997: £2,560).

NOTES TO THE ACCOUNTS
Year ended 30 April 1998

DELTA SELF DRIVE LIMITED

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Year ended 30 April 1998	75 weeks ended 30 April 1997
	No	No
Average number of persons employed		
Production and maintenance	9	4
Administration	9	3
Sales and distribution	6	5
	<u>24</u>	<u>12</u>
	£	£
Costs incurred in respect of these employees were:		
Wages and salaries	468,616	289,939
Social security costs	43,798	28,017
Other pension costs	8,026	2,800
	<u>520,440</u>	<u>320,756</u>

4. OPERATING PROFIT

	Year ended 30 April 1998	75 weeks ended 30 April 1997
	£	£
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned assets	449,113	203,000
Assets held under hire purchase contracts	2,561,623	1,373,431
Other rental income - vehicles for hire	(810,813)	(2,602,011)
Rentals under operating leases - Other operating leases	-	611
Auditors' remuneration - audit fees	3,000	3,050
	<u>3,000</u>	<u>3,050</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 April 1998	75 weeks ended 30 April 1997
	£	£
Bank loans, overdrafts and other loans repayable within five years	128,967	38,825
Hire purchase contracts	529,052	287,896
	<u>658,019</u>	<u>326,721</u>


NOTES TO THE ACCOUNTS
Year ended 30 April 1998
6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Year ended 30 April 1998 £	75 weeks ended 30 April 1997 £
United Kingdom corporation tax at 31% based on the (loss) for the financial year/period	-	160
Group relief	(51,500)	(380,045)
Deferred taxation	12,500	332,000
	<u>(39,000)</u>	<u>(47,885)</u>
Adjustment to prior periods		
Group relief	(12,568)	-
Deferred tax	(8,000)	-
	<u>(59,568)</u>	<u>(47,885)</u>

7. TANGIBLE FIXED ASSETS

	Plant and equipment £	Motor vehicles for hire £	Fixtures and fittings £	Total £
Cost				
At 30 April 1997	41,858	10,426,109	32,538	10,500,505
Transfers from fellow subsidiary	-	1,804,180	-	1,804,180
Additions	7,306	5,540,046	3,248	5,550,600
Disposals	-	(3,609,884)	-	(3,609,884)
Transfers to fellow subsidiaries	-	(126,857)	-	(126,857)
At 30 April 1998	<u>49,164</u>	<u>14,033,594</u>	<u>35,786</u>	<u>14,118,544</u>
Accumulated depreciation				
At 30 April 1997	7,355	1,956,038	6,643	1,970,036
Transfers from fellow subsidiary	-	426,899	-	426,899
Charge for the year/period	9,000	2,989,368	12,368	3,010,736
Disposals	-	(1,498,108)	-	(1,498,108)
Transfers to fellow subsidiaries	-	(31,263)	-	(31,263)
At 30 April 1998	<u>16,355</u>	<u>3,842,934</u>	<u>19,011</u>	<u>3,878,300</u>
Net book value				
At 30 April 1998	<u>32,809</u>	<u>10,190,660</u>	<u>16,775</u>	<u>10,240,244</u>
At 30 April 1997	<u>34,503</u>	<u>8,470,071</u>	<u>25,895</u>	<u>8,530,469</u>



NOTES TO THE ACCOUNTS
Year ended 30 April 1998

7. TANGIBLE FIXED ASSETS (continued)

The net book value of the company's fixed assets includes the following assets held under hire purchase agreements at 30 April 1998:

	Hire Motor vehicles £
Cost	12,064,681
Accumulated depreciation	(3,051,613)
Net book value	<u>9,013,068</u>
Depreciation charge for the period	<u>2,561,623</u>

8. STOCKS

	1998 £	1997 £
Parts, fuel and oil and consumables	<u>106,854</u>	<u>62,680</u>

In the opinion of the directors, the replacement cost of stocks is not significantly different from the amounts shown.

9. DEBTORS

	1998 £	1997 £
Trade debtors	750,183	536,623
Amounts owed by parent company	365,045	365,045
Amounts owed by fellow subsidiary undertakings	611,277	179,612
Prepayments and accrued income	199,297	193,673
Group relief	64,068	-
	<u>1,989,870</u>	<u>1,274,953</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank loans and overdrafts	2,226,505	1,180,480
Trade creditors	159,149	349,360
Obligations under hire purchase agreements	4,206,864	2,767,826
Amounts owed to parent company	2,220,000	-
Amounts owed to fellow subsidiary undertakings	93,583	109,746
Taxation and social security	-	10,388
Other creditors	70,111	22,834
Accruals and deferred income	139,366	46,586
	<u>9,115,578</u>	<u>4,487,220</u>



NOTES TO THE ACCOUNTS
Year ended 30 April 1998

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Amounts owed to parent company due between two and five years	-	1,596,000
Obligations under hire purchase agreements repayable		
Within one to two years	2,691,728	3,554,071
Within two to five years	385,352	-
	<u>3,057,080</u>	<u>5,150,071</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
Balance at 30 April 1997	332,000
Provision - current year	12,500
- prior year	(8,000)
Balance at 30 April 1998	<u>336,500</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	1998 £	1997 £	1998 £	1997 £
Capital allowances in advance of depreciation	344,500	345,000	-	-
Other timing differences	(8,000)	(13,000)	-	-
	<u>336,500</u>	<u>332,000</u>	<u>-</u>	<u>-</u>

13. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised		
100 ordinary shares of £1	100	100
Called up, allotted and fully paid		
1 ordinary share of £1	1	1

14. RESERVES

	£
Profit and loss account	
At 30 April 1997	(100,424)
Retained loss for the year	(70,877)
At 30 April 1998	<u>(171,301)</u>



NOTES TO THE ACCOUNTS

Year ended 30 April 1998

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £
Loss for the financial year	(70,877)
Net reduction in shareholders' funds	(70,877)
Opening shareholders' funds	(100,423)
Closing shareholders' funds	<u>(171,300)</u>

16. BANK LOAN AND OVERDRAFT

The bank loan and overdraft are secured by fixed and floating charges over all the company's assets.

There are unlimited cross-guarantees by group companies within the Northgate Motor Holdings Limited group to each other. The total amount outstanding at 30 April 1998 was £76,964,000 (1997: £53,399,000).

17. FINANCIAL COMMITMENTS

Operating lease commitments

At 30 April 1998, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings £
Leases which expire:	
After more than five years	<u>45,000</u>

18. PENSION SCHEME

The company was party to a defined contribution pension scheme for part of the year ended 30 April 1997. This scheme ceased on 31 March 1997 and, from 1 April 1997, the company contributed to a Group Personal Pension Scheme. The total pension cost for the company was £8,025 (1997: £2,800). Outstanding contributions at the balance sheet date were £Nil (1997: £Nil).

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS8 not to disclose transactions with group companies as it is a wholly owned subsidiary.

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Goode Durrant plc and the immediate parent company is Northgate Motor Holdings Limited. Both of these companies are registered in England. Copies of the financial statements of both companies can be obtained from 6th Floor, Northgate House, Darlington, County Durham, DL1 1XA.