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NETWORK VEHICLES LIMITEDREPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1985.

ACTIVITIES

The principal activity of the company continued to be the rental of motor vehicles on contract hire and this is likely to remain so for the foreseeable future.

RESULTS FOR THE YEAR

The profit for the year from ordinary activities after taxation amounted to £95,000. An interim dividend of £200,000 has been paid and the deficit of £105,000 will be deducted from distributable reserves.

DIRECTORS

The directors of the company during the year were:-

B.C. Morris	- Appointed Chairman 15th July 1985
P. Rodney Pollard	- Resigned 24th June 1985
H.A. Henderson	- Managing Director
B.P.P. Blake	- Appointed 4th February 1985, Resigned 26th September 1985
S.M. Burns	- Resigned 24th June 1985
G.A.L. Faulkner	
R.D. Rumney	- Resigned 4th February 1985
P.E. Slater	- Appointed 30th September 1985

W. A. Gamble was appointed as a director 3rd February 1986

DIRECTORS' INTERESTS

The directors holding office at the end of the year and (except where they were also directors of Dial Contracts Limited of which the Company is a wholly-owned subsidiary) their interests in relevant Shares or Debentures, both beneficial and by way of options to purchase, as disclosed by the register kept under the provisions of section 325 of the Companies Act 1985 are listed below.

	<u>Ordinary stock units of £1 each of Barclays PLC</u>			
	<u>At 31st December 1985</u>		<u>At 30th September 1985</u>	
	<u>Beneficial</u>	<u>Options</u> #	<u>Beneficial</u>	<u>Options</u> #
P. E. Slater	216	-	216	-

Option to subscribe for Ordinary Stock under Barclays Bank Save As You Earn Stock Option Scheme.



NETWORK VEHICLES LIMITED

REPORT OF THE DIRECTORS

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



Secretary
2 Burston Road
Upper Richmond Road
London SW15 6SD

3rd February 1986

REPORT OF THE AUDITORS
TO THE MEMBERS OF NETWORK VEHICLES LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Delonte Haskins & Sons

Chartered Accountants

London

3rd February 1986

NETWORK VEHICLES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 1985

	<u>Notes</u>	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
TURNOVER	2	5,333	4,415
COST OF SALES		(3,748)	(2,867)
GROSS PROFIT		1,585	1,548
DISTRIBUTION COSTS		(130)	(106)
ADMINISTRATIVE EXPENSES		(223)	(139)
OTHER OPERATING INCOME		156	61
INTEREST PAYABLE	3	(1,229)	(896)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	159	468
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5(a)	(64)	(175)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		95	293
EXTRAORDINARY ITEM	6	-	131
PROFIT ON ACTIVITIES AFTER TAXATION AND EXTRAORDINARY INCOME		95	424
DIVIDEND PAID		(200)	-
DEFICIT (1984 RETAINED PROFIT) TRANSFERRED TO RESERVES	11	(105)	424

BALANCE SHEET AT 31ST DECEMBER 1985

John A. Anderson Directors
Cham

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NETWORK VEHICLES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1985

	<u>1985</u>	<u>1984</u>
	£000	£000
<u>SOURCE OF FUNDS</u>		
FUNDS GENERATED FROM OPERATIONS		
Profit before taxation	159	468
Extraordinary income	-	131
Adjustment for items not involving the movement of funds		
Depreciation	3,414	2,604
Deferred taxation release	-	(130)
	<u>3,573</u>	<u>3,073</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Net amount arising from disposal of motor vehicles on contract hire	2,499	930
Receipts in respect of group relief from Dial Contracts Limited	225	106
	<u>2,724</u>	<u>1,037</u>
	6,297	4,110
<u>APPLICATION OF FUNDS</u>		
Purchase of vehicles for contract hire	6,565	7,681
Dividend paid	200	-
	<u>6,765</u>	<u>7,681</u>
	<u>(468)</u>	<u>(3,571)</u>
<u>DECREASE IN WORKING CAPITAL</u>		
Increase in debtors	214	336
Increase in creditors	(11)	(101)
Increase in amount due to group companies	(1,204)	(3,412)
Increase in accruals and deferred income	(73)	(228)
Decrease (1984 Increase) in bank overdraft	606	(166)
	<u>(468)</u>	<u>(3,571)</u>

NETWORK VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1985

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The company prepares its accounts on the historical cost basis of accounting.

(b) Income recognition

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

Operating leases, using the straight line basis which apportions income evenly over the period of the leases

Other operating income, on an accruals basis.

(c) Depreciation

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

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

(d) Deferred Taxation

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

(e) Deferred Maintenance Income

In the case of hire contracts inclusive of vehicle maintenance, part of the rental charged to customers is in respect of maintenance costs to be incurred during the contract period. The excess of the maintenance rental charged to date over expenditure incurred to date, is carried forward to the subsequent accounting period to off-set the increased maintenance costs likely to arise in the remainder of the contract period.

2. TURNOVER

Turnover represents rentals receivable on operating leases. Total rentals receivable under operating leases amounted to £5,747,000 (1984 £4,753,000).

In 1985 the cost of sales figure disclosed in the profit and loss account includes depreciation of operating lease assets. Comparative figures, which originally included depreciation of operating lease assets in turnover, have been restated accordingly.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
This is arrived at after charging:		
(i) Staff costs during the year:		
Wages and salaries	137	107
Social Security costs	11	9
Other pension costs	6	4
	<u>154</u>	<u>120</u>

NETWORK VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1985 (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	<u>1985</u> Number	<u>1984</u> Number
Average weekly number of persons employed during the year	14	13
	<u>1985</u>	<u>1984</u>
	£000	£000
(ii) Depreciation of motor vehicles on contract hire	3,414	2,604
(iii) Auditors' remuneration	2	1
(iv) Interest payable on bank overdraft	27	67
Interest payable on amount due to Dial Contracts Limited	1,202	828

4. DIRECTORS' EMOLUMENTS

	<u>1985</u> £000	<u>1984</u> £000
Emoluments as executives	9	N11
Analysis of directors' emoluments (excluding pension fund contribution)		
Chairman	N11	N11
Highest paid director	£7,873	N11

The other directors, who are also directors of the company's immediate holding company, Dial Contracts Limited did not receive any emoluments during the year, or the previous year, from the company.

5. TAXATION

	<u>1985</u> £000	<u>1984</u> £000
Taxation is based on U.K. corporation tax at an average rate of 41 1/4% (1984 46 1/4%)		
(a) The charge in the profit and loss account represents:		
Amount payable in respect of group relief	141	20
Adjustment in respect of prior year	6	(4)
	<u>147</u>	<u>16</u>
Transfer (from)/to deferred taxation	(83)	159
	<u>64</u>	<u>175</u>

NETWORK VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1985 (continued)

5. TAXATION (continued)

(b) Deferred Taxation

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
At 1st January 1985	486	458
Transfer (to)/from profit and loss account	(83)	159
Amount released in respect of the fall in tax rates	403	617
	-	(131)
At 31st December 1985	403	486
Analysis of timing differences:		
Accelerated tax depreciation	490	595
Other timing differences	(87)	(109)
	403	486

The transfer to deferred taxation in 1985 includes a credit of £55,000 arising from the effect of the decline in the tax rate on the gross timing differences.

6. The extraordinary item in 1984 represented a release of provision for deferred taxation in respect of the projected fall in tax rates contained in the 1984 Finance Act.

7. OPERATING LEASE ASSETS

	<u>Motor</u> <u>Vehicles</u> <u>£000</u>
COST	
At 1st January 1985	14,832
Additions during the year	6,565
Disposals during the year	(4,495)
At 31st December 1985	16,902
DEPRECIATION	
At 1st January 1985	3,429
Charge for year	3,414
Eliminated in respect of disposals	(1,996)
At 31st December 1985	4,847
NET BOOK VALUE	
At 31st December 1985	12,055
At 31st December 1984	11,403

NETWORK VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1985 (continued)

7. OPERATING LEASE ASSETS (continued)

At 31st December 1985 commitments for the purchase of additions to the contract hire fleet amounted to £Nil (1984 - £196,000).

8. DEBTORS

	<u>1985</u>	<u>1984</u>
	£000	£000
Amounts receivable within one year:		
Trade debtors	77	102
Amounts due from group companies in respect of group relief	-	245
Prepayments and accrued income	666	427
	<u>743</u>	<u>774</u>
Amounts receivable in more than one year:		
Amounts due from group companies in respect of group relief	-	(20)
	<u>743</u>	<u>754</u>

9. ACCRUALS AND DEFERRED INCOME

	<u>1985</u>	<u>1984</u>
	£000	£000
Deferred maintenance income (Note 1(d))	244	301
Rentals received in advance	344	270
Other accruals	58	2
	<u>646</u>	<u>573</u>

10. SHARE CAPITAL

	<u>1985</u>	<u>1984</u>
	£	£
At 1st January 1985	10,000	100
Issued on capitalisation of reserves in accordance with a special resolution passed at a meeting of the members held on 4th June 1984	-	9,900
At 31st December 1985	<u>£10,000</u>	<u>£10,000</u>

NETWORK VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1985 (continued)

11. PROFIT AND LOSS ACCOUNT

	<u>1985</u>	<u>1984</u>
	£000	£000
At 1st January 1985	432	18
Deficit (1984 profit) for the year	(105)	424
Amount capitalised in respect of issue of a further 9900 ordinary shares of £1 each	-	(10)
	<u> </u>	<u> </u>
At 31st December 1985	<u>327</u>	<u>432</u>

12. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Barclays PLC, a company incorporated in Great Britain.