

Fordthorne Limited

**Directors' report and financial
statements**

Registered number 433521

28 February 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2002.

Principal activities

The principal business of the company is vehicle rental under the Budget Rent A Car franchise.

Business review

The results for the year are shown in the profit and loss account on page 4 and show a loss before tax for the financial year of £10,536 (2001: loss £17,913).

Proposed dividends

The directors do not recommend the payment of a dividend (2001: £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

W M Barritt
R C Pugsley

None of the directors had any interest in the share capital of the company. Their interests in other group companies are shown in the directors' report of the ultimate parent company, Penarth Commercial Properties Limited.

Auditors

Our auditors have indicated to the directors that their business is to transfer to a limited liability partnership, KPMG LLP. Accordingly a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG LLP as auditors of the company.

By order of the board



W M Barritt
Secretary

17th June 2002

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 and of the profit or loss 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Report of the independent auditors to the members of Fordthorne Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 28 February 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

2.12 June 2002

Profit and loss account
for the year ended 28 February 2002

	<i>Note</i>	2002	2001
		£	£
Turnover	<i>1</i>	331,979	409,299
Cost of sales		(247,292)	(286,740)
Gross profit		84,687	122,559
Administrative expenses		(95,036)	(140,098)
Operating loss		(10,349)	(17,539)
Interest payable and similar charges	<i>5</i>	(187)	(374)
Loss on ordinary activities before taxation	<i>2-5</i>	(10,536)	(17,913)
Taxation	<i>6</i>	3,270	4,169
Retained loss for the financial year		(7,266)	(13,744)
Accumulated profit brought forward		10,071	23,815
Accumulated profit carried forward		2,805	10,071

The above results represent the total recognised gains and losses of the company in both financial years.

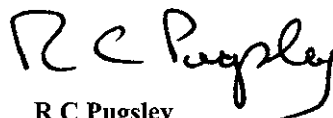
Balance sheet
at 28 February 2002

	<i>Note</i>	2002 £	2001 £
Current assets			
Stock	7	59,062	11,341
Debtors	8	20,478	56,745
Cash		100	100
Creditors: amounts falling due within one year	9	79,640 (61,835)	68,186 (43,115)
Net assets		17,805	25,071
Capital and reserves			
Called up share capital	11	15,000	15,000
Profit and loss account		2,805	10,071
Equity shareholders' funds	12	17,805	25,071

These financial statements were approved by the board of directors on 17th JUNE 2002 and were signed on its behalf by:



W M Barritt
Director



R C Pugsley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking whose parent has prepared a consolidated cash flow statement which incorporates the cash flows of the company and which is available to the public.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as an asset and is depreciated over its estimated useful life. Hire fleet vehicles are generally held for less than a year, after which they are resold, and are consequently shown as stock within current assets. Future instalments under such 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.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stock

Stock comprises vehicles in the hire fleet which are generally held for less than a year and are stated at the lower of cost or net realisable value.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax to the extent that a actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

2 Loss on ordinary activities before taxation

	2002 £	2001 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration - audit	600	450
- other services	525	400

3 Remuneration of directors

No director received emoluments from the company (2001: £Nil).

4 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees 2002	2001
Sales and services	6	6

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	68,690	87,009
Social security costs	4,555	7,331
	73,245	94,340

5 Interest payable and similar charges

	2002 £	2001 £
Finance charges payable in respect of hire purchase and similar lease agreements	187	374

Notes (continued)

6 Tax on loss on ordinary activities

	2002 £	2001 £
Group relief	(3,270)	(4,169)

7 Stock

	2002 £	2001 £
Rental fleet	59,062	11,341

These rental fleet stocks are subject to separate finance arrangements (see note 1).

8 Debtors

	2002 £	2001 £
Amounts due from group undertakings	7,040	41,464
Prepayments	300	-
Other debtors	9,868	11,112
Group relief receivable	3,270	4,169
	<u>20,478</u>	<u>56,745</u>

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts due to group	38,576	-
Obligations due under hire purchase and similar agreements	-	5,417
Accruals and deferred income	23,259	37,698
	<u>61,835</u>	<u>43,115</u>

Notes (continued)

10 Provisions for liability and charges

The amounts provided for deferred taxation and the full potential liability, calculated using the liability method, are set out below:

	2002		2001	
	Provided	Full Potential liability/(asset)	Provided	Full Potential liability/(asset)
	£	£	£	£
Difference between accumulated amortisation and capital allowances	-	(327)	-	(290)
Other timing difference	-	(600)	-	(3,179)
	<u>-</u>	<u>(927)</u>	<u>-</u>	<u>(3,469)</u>

Deferred taxation assets have not been recognised.

11 Called up share capital

	2002	2001
	£	£
<i>Authorised, allotted, called up and fully paid,</i> Ordinary shares of £1 each	15,000	15,000

12 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Loss for the financial year	(7,266)	(13,744)
Opening shareholders' funds	25,071	38,815
Closing shareholders' funds	<u>17,805</u>	<u>25,071</u>

Notes (continued)

13 Commitments

There were no unprovided capital commitments at the end of the current or previous financial year.

The company has annual commitments under non-cancellable operating leases in respect of motor vehicles as follows:

	2002 £	2001 £
Operating leases which expire within one year	13,260	14,595

14 Contingent liabilities

The company is contingently liable, together with its ultimate parent and certain fellow subsidiary undertakings, for an unlimited multilateral guarantee in respect of the net position of the group's bank overdrafts and cash balances. The net liability at 28 February 2002 was £Nil (2001: £1,264,950), none of which has been provided for in these financial statements.

15 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 from the requirement to disclose transactions with related parties where 90% of the voting rights of the reporting company are controlled by the same group and consolidated financial statements including the reporting company are prepared and are publicly available.

16 Ultimate parent company and controlling party

The company's ultimate parent and controlling party is Penarth Commercial Properties Limited, a company registered in Wales.

The largest group in which the results of the company are consolidated is that headed by Penarth Commercial Properties Limited. The consolidated accounts of this company are available to the public and may be obtained from Ford House, 281 Penarth Road, Cardiff.