

ARTHUR
ANDERSEN
& CO

914748

YORK TRAILER COMPANY LIMITED

ACCOUNTS -- 31 DECEMBER 1989

COMPANIES HOUSE
- 7 NOV 1990
56

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

YORK TRAILER COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1989

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended December 1989.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

On 1 January 1989 the trade and assets of the company were transferred to a group company at net book value.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown below.

K B Branson
G W Chambers
R C Johnson
J F Davies
A Butler

On 31 December 1989 Messrs K B Branson and G W Chambers held 125,000 and 100,000 'A' ordinary 1p shares in York Trailer Holdings PLC. Messrs J F Davies, A Butler and R C Johnson are directors of York Trailer Holdings PLC and accordingly are not required to notify the company of their interests in shares of any other group company.

There have been no changes in the interests of the directors between December 1989 and the date of this report, except as disclosed in the accounts of York Trailer Holdings PLC.

BY ORDER OF THE BOARD

A BUTLER
Secretary

10 Mark's Road
Wetherby
West Yorkshire LS23 7BQ
Northamptonshire

May 1990

Arthur Andersen & Co.

Fothergill House
16 King Street
Nottingham NG1 2AS

auditors' report to the members of YORK TRAILER COMPANY LIMITED

have audited the financial statements set out on pages 3 to 12 in
accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state
of the company's affairs at 31 December 1989 and of its loss and source and
of funds for the year then ended and have been properly prepared in
accordance with the Companies Act 1985.

Arthur Andersen & Co

Nottingham

May 1990

YORK TRAILER COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
REVENUE	2	-	33,448,553
Cost of sales		-	(29,677,748)
		-----	-----
GROSS PROFIT		-	3,770,805
Other operating expenses, net	3	-	(2,549,584)
		-----	-----
OPERATING PROFIT		-	1,221,221
Interest receivable		-	8,428
Interest payable and similar charges	4	-	(7,847)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE ADJUSTMENT	5	-	1,221,802
Adjustment on profit on ordinary activities	8	-	36,000
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER ADJUSTMENT		-	1,257,802
DIVIDENDS PAID AND PROPOSED	9	(695,273)	(1,174,981)
		-----	-----
PROFIT FOR THE YEAR		(695,273)	82,821
RETAINED PROFIT, beginning of year		85,632	-
Transfer from revaluation reserve	17	877,058	2,811
		-----	-----
RETAINED PROFIT, end of year		267,417	85,632
		=====	=====

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

YORK TRAILER COMPANY LIMITED

BALANCE SHEET - 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
FIXED ASSETS			
Intangible assets	10	-	2,011,433
CURRENT ASSETS			
Stocks	11	-	4,646,255
Debtors	12	367,417	9,013,319
Cash at bank and in hand		-	2,612,497
		367,417	16,272,071
LIABILITIES			
DEBTORS: Amounts falling due within one year	13	-	(16,941,369)
NET CURRENT ASSETS (LIABILITIES)		367,417	(669,298)
TOTAL ASSETS LESS CURRENT LIABILITIES		367,417	1,342,135
LIABILITIES			
DEBTORS: Amounts falling due after more than one year	14	-	(71,445)
PROVISIONS FOR LIABILITIES AND CHARGES	15	-	(208,000)
NET ASSETS		367,417	1,062,690
EQUITY			
CAPITAL AND RESERVES			
Called-up share capital	16	100,000	100,000
Valuation reserve	17	-	877,058
Profit and loss account		267,417	85,632
SHAREHOLDERS' FUNDS		367,417	1,062,690

APPROVED ON BEHALF OF THE BOARD

C. JOHNSON
 BUTLER) Directors

These accounts were approved by the Board of Directors on 4 May 1990.

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

YORK TRAILER COMPANY LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>1989</u>	<u>1988</u>
	£	£
SOURCE OF FUNDS		
Operations -		
Profit	-	1,257,802
Depreciation of tangible fixed assets	-	184,595
Deferred taxation credit	-	(36,000)
	-----	-----
	-	1,406,39
Transfer -		
Disposal of tangible fixed assets (including transfers to other group companies) at net book value	2,011,433	8,416
Increase in creditors due after more than one year	-	-
Movement in provisions	(208,000)	-
	-----	-----
	1,803,433	1,414,813
	=====	=====
USE OF FUNDS		
Additions to tangible fixed assets (including transfers from other group companies at net book value)	-	193,037
Increase in creditors due after more than one year	71,445	1,059
Dividends paid and proposed	695,273	1,174,981
Decrease in net current assets, as shown below	1,036,715	45,736
	-----	-----
	1,803,433	1,414,813
	=====	=====
ANALYSIS OF INCREASE (DECREASE) IN NET CURRENT ASSETS		
Net liquid funds -		
Cash at bank and in hand	(2,612,497)	2,612,497
Bank overdraft	-	184,920
	-----	-----
	(2,612,497)	2,797,417
Transfer -		
Stocks	(4,646,255)	1,134,466
Debtors	(8,645,902)	789,075
Creditors due within one year excluding net liquid funds	16,941,369	(4,675,222)
	-----	-----
Increase in net current assets	1,036,715	45,736
	=====	=====

The accompanying notes are an integral part of this statement.

YORK TRAILER COMPANY LIMITED

NOTES TO THE ACCOUNTS -- 31 DECEMBER 1989

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold property.

b) Turnover

Turnover is stated at invoiced value less value added tax and net of all credits and allowances.

c) Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Cost includes all direct costs incurred in bringing stocks to their state and location at the year end, including an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

d) Tangible fixed assets

Tangible fixed assets are shown at cost or in the case of freehold property at professional valuation (with a corresponding credit to revaluation reserve).

Depreciation is provided on a straight-line basis at rates calculated to write-off the cost or valuation, less estimated residual value of each asset, over its expected useful life, as follows:

Freehold property	-	2% per annum
Plant and machinery	-	10-20% per annum
Motor vehicles	-	25% per annum

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The company is part of a UK group and accordingly may utilise the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other group companies within the UK. The tax benefits arising from group relief are recognised in the accounts of the recipient company.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal.

f) Research and product development

Research and product development costs are written off as incurred.

g) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

h) Leases

Assets held under finance leases are reported at cost, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease or its useful economic life. Finance charges are allocated to accounting periods to produce a constant rate of charge on the remaining balance of the obligation for each accounting period.

Rentals under operating leases are charged on a straight-line basis over the lease term.

GEOGRAPHICAL ANALYSIS OF TURNOVER

	<u>1989</u>	<u>1988</u>
	£	£
Exports -		
Africa	-	-
Scandinavia	-	106,206
Rest of Europe	-	198,971
	-----	-----
	-	305,177
United Kingdom	-	33,143,376
	-----	-----
	-	33,448,553
	=====	=====

Turnover in 1988 included sales to other group companies of £9,164,000.

OTHER OPERATING EXPENSES, NET

	<u>1989</u>	<u>1988</u>
	£	£
Selling and marketing expenses	-	1,584,700
Administration expenses	"	1,364,884
	-----	-----
	-	2,949,584
Other operating income	-	(400,000)
	-----	-----
	-	2,549,584
	=====	=====

INTEREST PAYABLE

	<u>1989</u>	<u>1988</u>
	£	£
Finance leases	-	7,847
	-----	-----

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1989</u>	<u>1988</u>
	£	£
Depreciation	-	184,595
Hire of plant and machinery		
- under operating leases	-	130,836
- other	-	55,436
Audit fees	-	13,800
Staff costs (note 6)	-	5,440,817
	-----	-----

STAFF COSTS AND EMPLOYEES

a) Employee costs incurred (including executive directors) during the year amounted to:

	<u>1989</u>	<u>1988</u>
	£	£
Wages and salaries	-	4,920,994
Social security costs	-	492,189
Other pension costs	-	27,634
	-----	-----
	-	5,440,817
	=====	=====

b) The average weekly number of persons employed by the company during the year was as follows:

	<u>1989</u> Number	<u>1988</u> Number
Production	-	320
Sales	-	26
Administration	-	112
	---	---
	-	458
	===	===

DIRECTORS' EMOLUMENTS

Directors' emoluments for management services totalled £nil (1988 - £64,563).

The emoluments of directors of the company, excluding pension contributions, were as follows:

	<u>1989</u> £	<u>1988</u> £
Highest paid director	-	34,192
	=====	=====

Other directors' emoluments fell within the following ranges:

	<u>1989</u> Number	<u>1988</u> Number
Nil - £ 5,000	4	4
£25,001 - £30,000	-	1
	===	===

TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	<u>1989</u> £	<u>1988</u> £
Corporation tax at 35% (1988 - 35%)	-	471,026
Group relief	-	(471,026)
Deferred taxation	-	(36,000)
	-----	-----
	-	(36,000)
	=====	=====

DIVIDENDS PAID AND PROPOSED

	<u>1989</u> £	<u>1988</u> £
Interim paid	-	373,000
Final proposed	695,273	801,981
	-----	-----
	695,273	1,174,981
	=====	=====

TANGIBLE FIXED ASSETS

The movement during the year was as follows:

	<u>Freehold property</u> £	<u>Plant and machinery</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
COST OR VALUATION				
Beginning of year	1,600,000	1,080,479	89,101	2,769,580
Group transfers	(1,600,000)	(1,080,479)	(89,101)	(2,769,580)
	-----	-----	-----	-----
End of year	-	-	-	-
	-----	-----	-----	-----
DEPRECIATION				
Beginning of year	24,000	684,662	49,485	758,147
Group transfers	(24,000)	(684,662)	(49,485)	(758,147)
	-----	-----	-----	-----
End of year	-	-	-	-
	-----	-----	-----	-----
NET BOOK VALUE				
Beginning of year	1,576,000	395,817	39,616	2,011,433
	=====	=====	=====	=====
End of year	-	-	-	-
	=====	=====	=====	=====

Leased assets included in the above:

	<u>Plant and machinery</u> £
Net book value, end of year	-
	=====
Net book value, beginning of year	91,112
	=====

STOCKS

Stocks consist of:

	<u>1989</u> £	<u>1988</u> £
Raw materials	-	3,123,455
Work-in-progress and finished goods	-	1,522,800
	-----	-----
	-	4,646,255
	=====	=====

DEBTORS

Debtors comprise the following amounts, all falling due within one year:

	<u>1989</u>	<u>1988</u>
	£	£
Trade debtors	-	5,628,023
Due from other group companies	367,417	3,235,892
Other debtors	-	3,908
Prepayments and accrued income	-	145,496
	-----	-----
	367,417	9,013,319
	=====	=====

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following amounts are included in creditors falling due within one year:

	<u>1989</u>	<u>1988</u>
	£	£
Obligations under finance leases	-	37,817
Trade creditors	-	5,453,206
Due to parent and fellow subsidiaries	-	10,847,362
UK corporation tax payable	-	224,032
Social security and other taxes	-	171,558
VAT	-	59,775
Other creditors and accrued charges	-	147,619
	-----	-----
	-	16,941,369
	=====	=====

CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following amounts are included in creditors falling due after more than one year:

	<u>1989</u>	<u>1988</u>
	£	£
Obligations under finance leases	-	71,445
	=====	=====

The above obligations are repayable as follows:

Between one and two years	-	37,817
Between two and five years	-	33,628
	-----	-----
	-	71,445
	=====	=====

PROVISIONS FOR LIABILITIES AND CHARGES

a) Provisions for liabilities and charges comprise deferred taxation.

The potential amount of deferred taxation liability at 35% (1988 - 35%) on all timing differences is:

	<u>1989</u> £	<u>1988</u> £
Capital allowances in excess of book depreciation	-	270,000
Other	-	(62,000)
ACT recoverable	-	-
	-----	-----
	-	208,000
Provided for in the accounts	-	(208,000)
	-----	-----
Not provided for in the accounts	-	-
	=====	=====

CALLED-UP SHARE CAPITAL

	<u>1989</u> £	<u>1988</u> £
Authorised, allotted, called-up and fully-paid:		
100,000 ordinary shares of £1 each	100,000	100,000
	-----	-----

REVALUATION RESERVE

	<u>1989</u> £	<u>1988</u> £
Beginning of year	877,058	879,869
Realised	(877,058)	-
Amortisation of revaluation surplus	-	(2,811)
	-----	-----
End of year	-	877,058
	=====	=====

GUARANTEES

The company has entered into an omnibus guarantee and set-off agreement in respect of borrowings by other group companies. At 31 December 1989 the contingent liability in respect of the bank borrowings of these group companies was £5,785,053 (1988 - £5,782,137).

ULTIMATE HOLDING COMPANY

The ultimate holding company is York Trailer Holdings PLC incorporated in England.