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VALLEY TRUCKS LIMITED

FINANCIAL STATEMENTS

30th September 1991

13 JUL 1992
HOUSE

22 JUN 1992
HOUSE

finnies
CHARTERED ACCOUNTANTS

VALLEY TRUCKS LIMITED

Registered number: 1160558

DIRECTORS

Michael J. Page
Anthony W. Sewell

SECRETARY

Anthony W. Sewell

AUDITORS

Finnie & Co.
Chartered Accountants
York House
45 Baldock Street
Ware
Herts
SG12 9DH

BANKERS

National Westminster Bank Plc
59 High Street
Ware
Herts
SG12 9AB

REGISTERED OFFICE

York House
45 Baldock Street
Ware
Herts
SG12 9DH

DIRECTORS' REPORT
30th September 1991

The Directors submit their report and Accounts for the year ended 30th September 1991.

PRINCIPAL ACTIVITIES

Throughout the year the activities of the company continued to relate to the sale and servicing of commercial vehicles and their component parts as a main dealer for Hino Trucks, a parts and service dealer for Foden Trucks, together with the service and repair to all makes of commercial vehicles. The company has also continued the development of its accident and body repairs department.

RESULTS AND DIVIDENDS

Details of the results for the year are shown in the profit and loss account and the related notes. The Directors do not recommend the payment of a dividend for the year.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors are pleased with the results for the year which are in line with their expectations.

The company has continued to build upon its reputation within the industry and this has been reflected in recent contracts awarded. Early indications of the results for the current year are favourable.

DIRECTORS

The Directors who have served during the year together with their beneficial interests in the ordinary shares of the company are as follows:

	Ordinary £1 Shares	
	30.9.91	30.9.90
A.W. Sewell	1	1
M.J. Page	1	1

FIXED ASSETS

Movements in fixed assets during the year are set out on page 8.

SHARE CAPITAL

On 27th September 1991 the authorised share capital of the company was increased by £498,000 to £500,000. On the same day 9,998 Ordinary £1 Shares were issued to the existing members by means of a capitalisation of existing accumulated distributable reserves.

DIRECTORS' REPORT (Continued)
30th September 1991

AUDITORS

The reappointment of Finnie & Co., Chartered Accountants, as Auditors will be proposed in accordance with Section 385 of the Companies Act 1985.

By order of the Board

A handwritten signature in dark ink, appearing to read 'A.W. Sewell', is written over a faint, horizontal line. The signature is stylized and cursive.

A.W. SEWELL
Secretary

11th December 1991

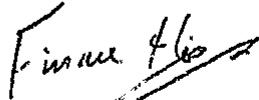
VALLEY TRUCKS LIMITED

REPORT OF THE AUDITORS

To the Members of Valley Trucks Limited.

We have audited the Financial Statements on pages 3 to 13 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 30th September 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FINNIE & CO.
Chartered Accountants and Registered Auditor

Ware, 11th December 1991.

VALLEY TRUCKS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 30th September 1991

	Note	1991		1990	
		£	£	£	£
TURNOVER	3		1,558,225		1,599,918
Cost of sales			1,112,695		1,242,230
GROSS PROFIT			445,530		357,688
Distribution costs		68,198		31,171	
Administrative expenses		259,601		263,374	
			327,799		294,545
			117,731		63,143
Other operating income					
Investment income		14		27	
Other interest receivable		-		438	
			14		465
			117,745		63,608
Interest payable	4		42,680		50,282
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	5		75,065		13,326
Tax on profit on ordinary activities	7		18,000		-
PROFIT ORDINARY ACTIVITIES AFTER TAX TRANSFERRED TO RESERVES	16		57,065		13,326

A statement of the movement on reserves can be found in note 16.

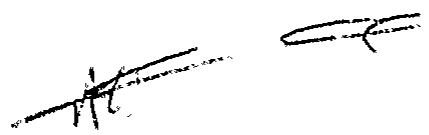
VALLEY TRUCKS LIMITED

BALANCE SHEET
30th September 1991

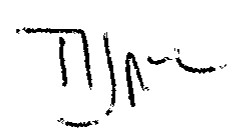
	Note	1991		1990	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		163,553		136,893
CURRENT ASSETS					
Stock	9	102,813		68,371	
Debtors	10	362,790		360,045	
Cash at bank and in hand		866		3,156	
		<u>466,475</u>		<u>431,572</u>	
CREDITORS: Amounts falling due within one year	11	475,476		451,976	
			<u>(9,001)</u>		<u>(20,404)</u>
NET CURRENT LIABILITIES					
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>154,552</u>		<u>116,489</u>
CREDITORS: Amounts falling due after more than one year	12		(49,311)		(68,313)
			<u>105,241</u>		<u>48,176</u>
CAPITAL AND RESERVES					
Called up share capital	15		10,000		2
Profit and loss account	16		95,241		48,174
			<u>105,241</u>		<u>48,176</u>

Directors

A.W. SEWELL



M.J. PAGE



NOTES ON THE FINANCIAL STATEMENTS
30th September 1991

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Financial Statements are prepared under the historical cost convention.

STOCKS

Stock is stated at the lower of cost and net realisable value.

Work in progress is stated at direct cost of labour and materials, with the addition of an appropriate proportion of overheads, or at net realisable value if lower.

Cost has been calculated on the "first in, first out" basis. Net realisable value comprises anticipated proceeds of sale less anticipated costs relating thereto.

DEPRECIATION AND AMORTISATION

Improvements to buildings are depreciated on a straight line basis over the unexpired portion of the lease. Other fixed assets are depreciated as follows:

	Annual Rate
Plant and equipment	20% reducing balance
Fixtures and fittings	15% reducing balance
Office equipment	20% reducing balance
Motor Vehicles	20% reducing balance
Recovery vehicles	10% straight line

DEFERRED TAX

Deferred tax in respect of accelerated capital allowances and other timing differences is provided under the liability method except where such timing differences are expected, with reasonable probability, to continue in the foreseeable future.

Advance Corporation Tax which is expected to be recoverable is deducted from the provision for deferred tax.

TURNOVER

Turnover represents the total amount receivable in the ordinary course of business for goods and services sold, after deducting discounts given and credit notes issued and excluding Value Added Tax.

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

FINANCE LEASES AND HIRE PURCHASE COMMITMENTS

Assets held under leases which give rights approximating to ownership are capitalised, with the corresponding obligations to pay future rentals being included in creditors. The assets are valued at the present value of the minimum lease payments and are depreciated over the shorter of their estimated useful lives and the unexpired portion of the lease. The excess of the lease payments over the value of the lease obligations are treated as finance charges and are allocated to accounting periods during the lease term so as to give a constant periodic rate of charge on the remaining balance of the obligation.

Rental payable relating to all other leases are charged to the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the arrangements are charged to the profit and loss account in the year in which they are payable.

2. APPROVAL OF FINANCIAL STATEMENTS

These Financial Statements were approved by the Board on 11th December 1991.

3. TURNOVER

In the Directors opinion, geographical markets supplied do not differ substantially from each other.

4. INTEREST PAYABLE	1991 £	1990 £
On bank loans and overdrafts and other loans		
Wholly repayable within five years	36,935	44,316
Finance leases and hire purchase contracts	5,745	5,966
	<u>42,680</u>	<u>50,282</u>

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

	1991 £	1990 £
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		
(a) This is stated after crediting:		
Profit on sale of fixed assets	-	5,330
And after charging:		
Loss on sale of fixed assets	4,312	-
Depreciation of owned assets	17,286	7,720
Depreciation of other assets	9,721	11,945
Auditors' remuneration	5,000	5,000
Rentals under operating leases:		
Hire of plant and machinery	3,113	3,175
Other operating leases	72,060	43,855
Exceptional Item:		
Expenses resulting from the implementation of the company's computer system:		
Computer charges	-	3,681
Accountancy	-	8,319
(b) Directors' remuneration:		
Salaries and other emoluments (including pension contributions paid on their behalf)	35,238	31,266
6. STAFF COSTS		
Wages and salaries	403,172	441,504
Social security costs	41,470	44,160
Other pension costs	1,904	2,016
	<u>446,546</u>	<u>487,680</u>
The average number of employees during the year was made up as follows:		
	Number	Number
Servicing and parts	18	18
Office and management	7	6
	<u>25</u>	<u>24</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES		
The charge is based on the profit for the year and consists of:	1991 £	1990 £
Corporation tax at 25%	18,000	-

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

8. TANGIBLE FIXED ASSETS

	Improvements to short Leasehold Premises £	Plant & Equipment £	Fixtures & Fittings £	Office Equipment £	Motor & Recovery Vehicles £	Total £
COST						
At 1st October 1990	16,814	42,665	21,657	22,351	86,316	189,803
Additions	0,262	13,606	451	2,036	36,274	60,629
Disposals	-	-	-	-	(14,421)	(14,421)
At 30th September 1991	<u>25,076</u>	<u>56,271</u>	<u>22,108</u>	<u>24,387</u>	<u>108,169</u>	<u>236,011</u>
ACCUMULATED DEPRECIATION						
At 1st October 1990	780	23,897	6,413	4,179	17,641	52,910
Charge for the year	1,101	5,943	2,340	4,378	13,245	27,007
Disposals	-	-	-	-	(7,459)	(7,459)
At 30th September 1991	<u>1,881</u>	<u>29,840</u>	<u>8,753</u>	<u>8,557</u>	<u>23,427</u>	<u>72,458</u>
NET BOOK VALUE						
At 30th September 1991	<u>23,195</u>	<u>26,431</u>	<u>13,355</u>	<u>15,830</u>	<u>84,742</u>	<u>163,553</u>
At 30th September 1990	<u>16,034</u>	<u>18,768</u>	<u>15,244</u>	<u>18,172</u>	<u>68,675</u>	<u>136,893</u>

The net book value of tangible fixed assets includes £72,633 (1990: £60,051) in respect of assets held under finance leases and hire purchase agreements.

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

9. STOCKS	1991 £	1990 £
Vehicles	-	6,600
Work in progress	10,681	12,829
Parts	92,132	48,942
	<u>102,813</u>	<u>68,371</u>
 10. DEBTORS		
Amounts falling due within one year:		
Trade debtors	331,506	323,673
Other debtors	4,698	17,311
Prepayments	26,592	19,061
	<u>362,796</u>	<u>360,045</u>
 11. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	191,823	200,395
Current instalment due on loan	8,700	8,000
Trade creditors	175,626	144,772
Corporation Tax	18,000	-
Other taxes and social security costs	41,849	69,347
Obligations under hire purchase contracts and finance leases	24,291	17,282
Other creditors	5,887	-
Accruals	9,300	12,180
	<u>475,476</u>	<u>451,976</u>
 12. CREDITORS		
Amounts falling due after more than one year and repayable within five years:		
Bank loan	6,469	15,447
Obligations under hire purchase contracts and finance leases	29,683	28,720
Directors current account	13,159	24,146
	<u>49,311</u>	<u>68,313</u>

The bank loan bears interest at 11.9% per annum and is repayable in monthly instalments. The current portion of the bank loan amounting to £8,700 (1990: £8,000) is shown in current liabilities. The bank loan matures in April 1993. The bank loan and overdraft are secured by a mortgage debenture over the fixed and floating assets of the company and a legal mortgage over the company's leasehold premises.

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

13.	OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1991	1990
		£	£
	The maturity of these amounts is as follows:		
	Amounts payable:		
	Within one year	32,783	23,324
	Within two to five years	39,012	40,043
		<u>71,795</u>	<u>63,367</u>
	Less: Finance charges allocated to future periods	(17,821)	(17,365)
		<u>53,974</u>	<u>46,002</u>
	Finance leases and hire purchase contracts are analysed as follows:		
	Current obligations	24,291	17,282
	Non-current obligations	29,683	28,720
		<u>53,974</u>	<u>46,002</u>

14. DEFERRED TAX

The total potential amount of deferred tax on timing differences and the amount for which provision has been made is:

	1991		1990	
	Amount Provided £	Amount Potential Tax £	Amount Provided £	Total Potential Tax £
Accelerated capital allowances	Nil	7,302	Nil	6,858
Other timing differences	Nil	-	Nil	(169)
	<u>Nil</u>	<u>7,302</u>	<u>Nil</u>	<u>6,689</u>

15. CALLED UP SHARE CAPITAL

Authorised 500,000 (1990: 2,000) Ordinary shares of £1	500,000	2,000
Allotted, called up and fully paid 10,000 (1990: 2) Ordinary shares of £1 each	10,000	2

On 27th September 1991 the authorised capital of the company was increased to £500,000 from the registered capital of £2,000 by the creation of £498,000 Ordinary Shares of £1 each, to rank parri passu in all respects with the existing shares.

On the same day, the sum of £9,998, being part of the accumulated profit and loss reserves was capitalised and appropriated as capital to and among the holders of the 2 Ordinary Shares of £1 each in the capital of the company at the rate of 4,999 shares for each existing share held.

NOTES ON THE FINANCIAL STATEMENTS (Continued)
30th September 1991

16. RESERVES

	£
Profit and Loss Account	
Balance at 1st October 1990	48,174
Profit for the year	57,065
Capitalization of reserves (Note 15)	(9,998)
Balance at 30th September 1991	<u>95,241</u>

17. OPERATING LEASE COMMITMENTS

At 30th September 1991 the company was committed to making the following payments during the next year in respect of operating leases:

	1991		1990	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Leases which expire				
Within 2 to 5 years	-	5,067	-	2,488
After 5 years	<u>63,622</u>	<u>-</u>	<u>63,622</u>	<u>-</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 30th September 1991

	Note	£	1991	£	1990	£
SOURCE OF FUNDS						
Generated from operations	1		106,384		27,661	
Proceeds of sale of tangible assets			2,650		41,800	
Tax recovered			-		8,139	
			<u>109,034</u>		<u>77,600</u>	
APPLICATION OF FUNDS						
Purchase of tangible fixed assets		60,629		90,813		
Increase in net working capital	2	33,845		9,221		
Bank loan repaid		8,278		21,767		
			<u>102,752</u>		<u>121,801</u>	
INCREASE/(DECREASE) IN CASH RESOURCES			<u>6,282</u>		<u>(44,201)</u>	

NOTES ON STATEMENT OF SOURCE AND APPLICATION OF FUNDS

1. Generated from operations:

Profit before tax	75,065	13,326
Depreciation and amortisation	27,007	19,665
	<u>102,072</u>	<u>32,991</u>
Loss/(Profit) on sale of tangible fixed assets	4,312	(5,330)
	<u>106,384</u>	<u>27,661</u>

2. Increase/(Decrease) in net working capital:

Stocks	34,442	(70,489)
Trade debtors	7,833	85,112
Other debtors	(12,613)	16,866
Prepayments	7,531	6,960
Trade creditors	(30,854)	(29,412)
Other creditors	21,526	(24,103)
Accruals	2,880	24,287
	<u>33,845</u>	<u>9,221</u>