

Valley Trucks Limited

Financial Statements

30 September 1994



VALLEY TRUCKS LIMITED

Annual report and financial statements for the year ended 30 September 1994

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Directors

Michael J Page
Anthony W Sewell

Secretary

Christopher Aitken-Davies

Registered office

Everett House
19 Baldock Street
Ware
Herts
SG12 9DH

Company number

1160558

Auditors

BDO Stoy Hayward
Everett House
19 Baldock Street
Ware
Herts
SG12 9DH

Bankers

Barclays Bank Plc
51 High Street
Hoddesdon
Herts
EN11 8TG

VALLEY TRUCKS LIMITED

Report of the directors for the year ended 30 September 1994

The directors present their report together with the audited financial statements for the year ended 30 September 1994.

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.

Review of the business and future developments

During the year the company expanded its bodyshop facilities and continued to seek ways to improve even further the level of service offered. In the short term further costs have been incurred to achieve these aims which the directors believe will enhance the company's trading position.

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	
	30.9.94	30.9.93
A W Sewell	10,000	10,000
M J Page	10,000	10,000

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 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;
- 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.

VALLEY TRUCKS LIMITED

Report of the directors for the year ended 30 September 1994 *(Continued)*

Fixed assets

Movements in fixed assets during the year are set out on page 10.

Auditors

With effect from 1 October 1994 our auditors have changed their name to BDO Stoy Hayward.

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



C Aitken-Davies
Secretary

16 March 1995

VALLEY TRUCKS LIMITED

Report of the auditors

To the shareholders of Valley Trucks Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 an 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 mis-statements, 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 September 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditor*

Ware, 16 March 1995.

VALLEY TRUCKS LIMITED

Profit and loss account for the year ended 30 September 1994

	Note	1994		1993	
		£	£	£	£
Turnover	3		2,094,236		2,140,298
Cost of sales			1,609,356		1,645,954
Gross profit			484,880		494,344
Distribution costs		84,637		67,116	
Administrative expenses		359,584		327,181	
			444,221		394,297
			40,659		100,047
Other operating income			2		3
			40,661		100,050
Interest payable	4		29,716		33,775
Profit on ordinary activities before tax	5		10,945		66,275
Tax on profit on ordinary activities	7		7,149		15,046
Profit on ordinary activities after tax			3,796		51,229
Retained profit brought forward			172,553		121,324
Retained profit carried forward			176,349		172,553

All activities relate to continuing activities.

The notes on pages 6 to 13 form part of these financial statements.

All gains and losses recognised in the period and attributable to shareholders are included in the profit and loss account above.

VALLEY TRUCKS LIMITED

Balance sheet at 30 September 1994

	Note	£	1994	£	1993	£
Fixed assets						
Tangible assets	8		190,462		198,758	
Current assets						
Stock	9	204,292		134,692		
Debtors	10	429,145		433,803		
Cash at bank and in hand		533		938		
			<u>633,970</u>		<u>569,433</u>	
Creditors: amounts falling due within one year	11	522,148		454,692		
				<u>111,822</u>		<u>114,741</u>
Total assets less current liabilities			302,284		313,499	
Creditors: amounts falling due after more than one year	12		(103,242)		(120,829)	
Provisions for liabilities and charges						
Deferred taxation	14		(2,693)		(117)	
			<u>196,349</u>		<u>192,553</u>	
Capital and reserves						
Called up share capital - equity	15		20,000		20,000	
Profit and loss account - equity			176,349		172,553	
			<u>196,349</u>		<u>192,553</u>	

The notes on pages 6 to 13 form part of these financial statements.

Directors:

A W Sewell

M J Page

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (*Continued*)

1 Accounting policies (*Continued*)

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 is charged to the profit and loss account on a straight line basis over the lease term.

Finance lease receivables

Income receivable from finance leases is credited to the profit and loss account to give a constant periodic rate of return on the net cash investment. Assets under finance leases are stated in the balance sheet as debtors at the total of rentals receivable less profit allocated to future periods.

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.

Cashflow statement

In accordance with Financial Reporting Standard Number 1, a cashflow statement has not been prepared on the grounds that the company qualifies as a "small company" in accordance with the Companies Act 1985.

2 Approval of financial statements

These financial statements were approved by the Board on 16 March 1995.

3 Turnover and profits

Analysis by class of business:

	Turnover		Gross Profit		Profit Before Tax	
	1994	1993	1994	1993	1994	1993
	£	£	£	£	£	£
Parts and servicing	1,720,388	1,652,730	453,440	460,898	7,286	40,029
Truck sales	373,848	487,568	31,440	33,446	3,659	26,246
	<u>2,094,236</u>	<u>2,140,298</u>	<u>484,880</u>	<u>494,344</u>	<u>10,945</u>	<u>66,275</u>

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

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (*Continued*)

4 Interest payable	1994 £	1993 £
On bank loans and overdrafts and other loans:		
Wholly repayable within five years	20,169	23,180
Finance leases and hire purchase contracts	9,547	10,595
	<u>29,716</u>	<u>33,775</u>
5 Profit on ordinary activities before tax		
(a) This is stated after charging:		
Loss on sale of fixed assets	1,649	3,813
Depreciation of owned assets	16,477	17,757
Depreciation of other assets	21,502	15,740
Auditors remuneration	5,500	5,500
Rentals under operating leases:		
Hire of plant and machinery	3,373	5,914
Other operating leases	64,702	64,702
	<u>104,592</u>	<u>82,440</u>
(b) Directors remuneration:		
Salaries and other emoluments (including pension contributions paid on their behalf)	104,592	82,440
	<u>104,592</u>	<u>82,440</u>
Emoluments (excluding pension contributions) of:		
Highest paid director	52,316	41,666
	<u>52,316</u>	<u>41,666</u>
The other director's emoluments fell within the ranges:	Number	Number
£40,001 - £45,000	-	1
£50,001 - £55,000	1	-
	<u>1</u>	<u>1</u>

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (Continued)

6 Staff costs	1994 £	1993 £
Wages and salaries	624,499	545,759
Social security costs	61,116	55,433
Other pension costs	1,992	1,491
	<u>687,607</u>	<u>602,683</u>

The average number of employees during the year was made up as follows:

	Number	Number
Servicing and parts	22	19
Office and management	8	9
	<u>30</u>	<u>28</u>

7 Tax on profit on ordinary activities

The charge is based on the profit for the year and consists of:

	£	£
Corporation tax at 25%	4,573	16,570
Adjustment in respect of previous years	-	(474)
Deferred taxation	2,576	(1,050)
	<u>7,149</u>	<u>15,046</u>

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (*Continued*)

8 Tangible fixed assets

	Improvements to short leasehold premises £	Plant & Equipment £	Fixtures & Fittings £	Office Equipment £	Motor & Recovery Vehicles £	Total £
Cost						
At 1 October 1993	36,205	83,375	24,961	34,656	139,678	318,875
Additions	271	10,593	6,147	1,087	26,537	44,635
Disposals	-	-	-	-	(30,562)	(30,562)
At 30 September 1994	<u>36,476</u>	<u>93,968</u>	<u>31,108</u>	<u>35,743</u>	<u>135,653</u>	<u>332,948</u>
Accumulated Depreciation						
At 1 October 1993	4,906	45,358	12,844	15,723	41,286	120,117
Charge for the year	1,854	8,697	2,480	3,943	21,005	37,979
Disposals	-	-	-	-	(15,610)	(15,610)
At 30 September 1994	<u>6,760</u>	<u>54,055</u>	<u>15,324</u>	<u>19,666</u>	<u>46,681</u>	<u>142,486</u>
Net Book Value						
At 30 September 1994	<u>29,716</u>	<u>39,913</u>	<u>15,784</u>	<u>16,077</u>	<u>88,972</u>	<u>190,462</u>
At 30 September 1993	<u>31,299</u>	<u>38,017</u>	<u>12,117</u>	<u>18,933</u>	<u>98,392</u>	<u>198,758</u>

The net book value of tangible fixed assets includes £45,622 (1993: £94,397) in respect of assets held under finance leases and hire purchase agreements.

	1994 £	1993 £
9 Stocks		
Vehicles	51,268	3,027
Work in progress	15,700	12,543
Parts	137,324	119,122
	<u>204,292</u>	<u>134,692</u>

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (Continued)

	1994 £	1993 £
10 Debtors		
Amounts falling due within one year:		
Trade debtors	376,753	376,677
Other debtors	9,594	8,077
Finance lease receivables	10,217	14,451
Prepayments	25,500	23,901
	<u>422,064</u>	<u>423,106</u>
Amounts falling due after more than one year:		
Finance lease receivables	7,081	10,697
	<u>7,081</u>	<u>10,697</u>
	<u>429,145</u>	<u>433,803</u>

The cost of assets acquired for the purpose of letting under finance leases amount to £43,892 (1993: £43,892).

The aggregate rentals receivable during the year in respect of finance leases were £27,840 (1993: £26,115).

11 Creditors

Amounts falling due within one year:		
Bank overdraft (secured - note 12)	86,915	119,417
Current instalments due on loans	12,500	17,500
Trade creditors	323,246	185,457
Corporation tax	4,573	16,570
Other taxes and social security costs	51,115	55,805
Obligations under hire purchase contracts and finance leases	24,520	44,368
Other creditors	403	1,570
Accruals	18,876	14,005
	<u>522,148</u>	<u>454,692</u>

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (*Continued*)

12 Creditors	1994 £	1993 £
Amounts falling due after more than one year and repayable within five years:		
Bank loans	87,500	100,005
Obligations under hire purchase contracts and finance leases	14,442	20,579
Directors current account	1,300	245
	<u>103,242</u>	<u>120,829</u>
	<u><u>103,242</u></u>	<u><u>120,829</u></u>
<p>Bank loans comprise a business loan bearing interest at 3¼% plus the bank's base rate subject to a minimum of 8% per annum, repayable in monthly instalments and maturing in June 1997. The current portion of the bank loans amounting to £12,500 (1993: £17,500) is shown in current liabilities. The bank loans 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.</p>		
13 Obligations under finance leases and hire purchase contracts	1994 £	1993 £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	30,980	54,516
Within two to five years	18,238	27,264
	<u>49,218</u>	<u>81,780</u>
Less: Finance charges allocated to future periods	(10,256)	(16,833)
	<u>38,962</u>	<u>64,947</u>
	<u><u>38,962</u></u>	<u><u>64,947</u></u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	24,520	44,368
Non-current obligations	14,442	20,579
	<u>38,962</u>	<u>64,947</u>
	<u><u>38,962</u></u>	<u><u>64,947</u></u>

VALLEY TRUCKS LIMITED

Notes on the financial statements for the year ended 30 September 1994 (Continued)

14 Deferred tax

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

	1994		1993	
	Amount Provided £	Total Potential Tax £	Amount Provided £	Total Potential Tax £
Accelerated capital allowances	2,693	10,914	117	9,837
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Called up share capital

Authorised 500,000 Ordinary shares of £1 each		500,000	500,000
		<u> </u>	<u> </u>
Allotted, called up and fully paid 20,000 Ordinary shares of £1 each		20,000	20,000
		<u> </u>	<u> </u>

16 Reconciliation of movements in shareholders funds

Result for the financial year		3,796	51,229
Net assets brought forward		192,553	141,324
		<u> </u>	<u> </u>
Shareholders funds at 30 September 1994		196,349	192,553
		<u> </u>	<u> </u>

17 Operating lease commitments

At 30 September 1994 the company was committed to making the following payments during the next year in respect of operating leases:

	1994		1993	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Leases which expire within one year	-	1,316	-	1,316
After 5 years	64,702	-	64,702	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Other commitments

During the year the company entered into transactions with suppliers where vehicles were purchased using Bills of Exchange. As at 30 September 1994 the company was committed to pay a total of £111,107.25 to Harris (UK) Limited in Bills of Exchange.