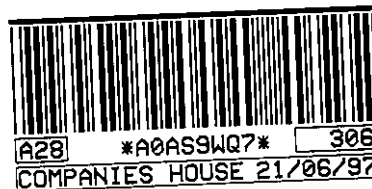


COMPANY NUMBER : 617841

REGISTRAR OF COMPANIES

HENRY MORRIS (1958) LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 1996



HENRY MORRIS (1958) LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 1996

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HENRY MORRIS (1958) LIMITED  
OFFICERS AND PROFESSIONAL ADVISERS

|                     |                                                                                                  |
|---------------------|--------------------------------------------------------------------------------------------------|
| DIRECTORS :         | B. G. Meredith (Chairman)<br>M. C. Meredith                                                      |
| SECRETARY :         | M. C. Meredith                                                                                   |
| REGISTERED OFFICE : | Baltic Works,<br>Town Dock,<br>NEWPORT,<br>Gwent.<br>NP9 2BW                                     |
| COMPANY NUMBER :    | 617841                                                                                           |
| BANKERS :           | National Westminster Bank PLC.,<br>High Street,<br>NEWPORT,<br>Gwent.                            |
| AUDITORS :          | Stephen Brown & Co.,<br>Chartered Accountants,<br>16 Gold Tops,<br>NEWPORT,<br>Gwent.<br>NP9 4PH |

HENRY MORRIS (1958) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1996

The directors present their annual report and the audited financial statements for the year ended 31st December 1996.

**ACTIVITIES**

The principal activity of the company is the distribution of oil and oil products.

**DIRECTORS**

The present membership of the board is set out on page 1. Mr. B. G. Meredith and Mrs. M. C. Meredith served throughout the year.

The directors' interests, all beneficial, as defined by the Companies Act 1985, in the £1 ordinary shares of the company were as follows:-

|                | 31.12.96<br>Number | 1.1.96<br>Number |
|----------------|--------------------|------------------|
| B. G. Meredith | 1                  | 1                |
| M. C. Meredith | Nil                | Nil              |

The interest of the directors in the shares of the holding company were as follows:-

|                | 31.12.96<br>Number | 1.1.96<br>Number |
|----------------|--------------------|------------------|
| B. G. Meredith | 5,149              | 5,149            |
| M. C. Meredith | 5,150              | 5,150            |

**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 these 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 when it is appropriate 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.

HENRY MORRIS (1958) LIMITED  
DIRECTORS' REPORT (CONTINUED)  
YEAR ENDED 31ST DECEMBER 1996

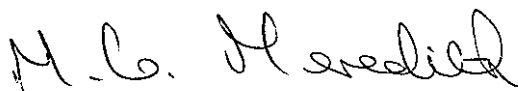
AUDITORS

A resolution to re-appoint Stephen Brown & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

EXEMPTION FOR SMALL COMPANY

Advantage is taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Approved by the board of directors and signed on behalf of the board.



M. C. MEREDITH  
SECRETARY

30 May 1997

REPORT OF THE AUDITORS TO THE MEMBERS OF

HENRY MORRIS (1958) LIMITED

YEAR ENDED 31ST DECEMBER 1996

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company directors are responsible for the preparation of 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 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 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-statement, 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 31st December 1996 and of its loss for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985 that are applicable to small companies.

*Stephen Brown & Co.*

Stephen Brown & Co.,  
Chartered Accountants and Registered Auditors,  
16 Gold Tops,  
NEWPORT,  
Gwent.  
NP9 4PH

30 May 1997

HENRY MORRIS (1958) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1996

|                                                      | Note | 1996<br>£ | 1995<br>£ |
|------------------------------------------------------|------|-----------|-----------|
| Turnover                                             |      | 319,991   | 296,036   |
| Cost of sales                                        |      | (185,714) | (163,156) |
| Gross profit                                         |      | 134,277   | 132,880   |
| Distribution and administrative expenses             | 2    | (196,298) | (165,396) |
| Other operating income                               | 3    | ( 62,021) | ( 32,516) |
| Interest payable and similar charges                 |      | 55,158    | 40,138    |
|                                                      |      | ( 49)     | ( 179)    |
| (Loss)/profit on ordinary activities before taxation |      | ( 6,912)  | 7,443     |
| Taxation                                             | 5    | ( 920)    | ( 4,686)  |
| (Loss)/profit for the financial year                 |      | ( 7,832)  | 2,757     |
| Dividends                                            | 6    | ( 73,926) | -         |
| RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR        |      | ( 81,758) | 2,757     |

There are no recognised gains or losses other than the loss for the year and no discontinued or acquired activities.

The notes on pages 7 to 11 form part of these financial statements.

HENRY MORRIS (1958) LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

|                                                        | Note | 1996<br>£        | 1995<br>£        |
|--------------------------------------------------------|------|------------------|------------------|
| <b>FIXED ASSETS</b>                                    |      |                  |                  |
| Tangible fixed assets                                  | 7    | 81,315           | 89,050           |
| Investments                                            | 8    | 1,850            | 1,850            |
|                                                        |      | <u>83,165</u>    | <u>90,900</u>    |
| <b>CURRENT ASSETS</b>                                  |      |                  |                  |
| Stocks                                                 | 9    | 27,937           | 25,924           |
| Debtors                                                | 10   | 94,791           | 157,044          |
| Cash at bank and in hand                               |      | 166              | 134              |
|                                                        |      | <u>122,894</u>   | <u>183,102</u>   |
| <b>CREDITORS : Amounts falling due within one year</b> | 11   | <u>( 63,085)</u> | <u>( 49,270)</u> |
| <b>NET CURRENT ASSETS</b>                              |      | <u>59,809</u>    | <u>133,832</u>   |
| <b>NET ASSETS</b>                                      |      | <u>142,974</u>   | <u>224,732</u>   |
| <b>CAPITAL AND RESERVES</b>                            |      |                  |                  |
| Share capital                                          | 14   | 10,000           | 10,000           |
| Revaluation reserve                                    | 13   | 61,593           | 62,454           |
| Profit and loss account                                | 13   | 71,381           | 152,278          |
| <b>SHAREHOLDERS' FUNDS</b>                             | 15   | <u>142,974</u>   | <u>224,732</u>   |

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion the company is entitled to those exemptions as a small company.

These financial statements were approved by the board of directors on 30 May 1997.

B. G. MEREDITH  
DIRECTOR



The notes on pages 7 to 11 form part of these financial statements.

HENRY MORRIS (1958) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following accounting policies have been applied:-

Turnover

Turnover represents sales to outside customers at invoiced amount less V.A.T.

Depreciation

Depreciation is provided to write off the cost or the revalued amount in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:-

|                     |   |                     |
|---------------------|---|---------------------|
| Freehold buildings  | : | 2% per annum        |
| Motor vehicles      | : | 15% - 25% per annum |
| Plant and equipment | : | 10% - 25% per annum |

Stocks

Stocks are stated at the lower of cost and net realisable value and consist of goods for resale. Cost is based on purchase price on a first in, first out basis. Net realisable value relates to the anticipated selling price less further costs to disposal.

Connected undertakings

Connected undertakings are companies in which Mr. B. G. Meredith and Mrs. M. C. Meredith have an interest.

Deferred taxation

Deferred taxation is provided at current tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, except where the tax reduction is expected to continue for the foreseeable future.

Pension costs

The company operates a defined contribution pension scheme with the charge for the year being the actual amount paid.

HENRY MORRIS (1958) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 1996

| 2. DISTRIBUTION AND ADMINISTRATIVE EXPENSES | 1996<br>£      | 1995<br>£      |
|---------------------------------------------|----------------|----------------|
| Distribution costs                          | 15,764         | 13,721         |
| Administrative expenses                     | 180,534        | 151,675        |
|                                             | <u>196,298</u> | <u>165,396</u> |
| Administrative expenses include:-           |                |                |
| Depreciation                                | 7,735          | 8,751          |
| Auditors' remuneration                      | 3,500          | 3,500          |
| Profit on sale of fixed assets              | ( 2,750)       | ( 70)          |
|                                             | <u></u>        | <u></u>        |
| 3. OTHER OPERATING INCOME                   |                |                |
| Sundry operating trading income             | 44,886         | 40,116         |
| Bank and other interest receivable          | 36             | 22             |
| Insurance claim                             | 10,236         | -              |
|                                             | <u>55,158</u>  | <u>40,138</u>  |
| 4. INFORMATION REGARDING DIRECTORS          |                |                |
| Directors' emoluments consist of:           |                |                |
| Remuneration for management services        | 26,217         | 5,400          |
| Directors' pension schemes                  | 15,858         | 14,975         |
| Benefits in kind                            | 24,000         | 27,000         |
|                                             | <u>66,075</u>  | <u>47,375</u>  |
| 5. TAXATION                                 |                |                |
| U.K. Corporation tax payable                | <u>920</u>     | <u>4,686</u>   |
| 6. DIVIDENDS                                |                |                |

A dividend of £7.393 per share was paid during the year (1995 : Nil).

HENRY MORRIS (1958) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 1996

7. TANGIBLE FIXED ASSETS

|                          | Freehold<br>land and<br>buildings<br>£ | Motor<br>vehicles<br>£ | Plant and<br>equipment<br>£ | Total<br>£ |
|--------------------------|----------------------------------------|------------------------|-----------------------------|------------|
| Cost or valuation        |                                        |                        |                             |            |
| At 1st January 1996      | 99,000                                 | 32,200                 | 32,375                      | 163,575    |
| Additions                | -                                      | -                      | -                           | -          |
| Disposals                | -                                      | ( 5,000)               | -                           | ( 5,000)   |
| At 31st December 1996    | 99,000                                 | 27,200                 | 32,375                      | 158,575    |
| Accumulated depreciation |                                        |                        |                             |            |
| At 1st January 1996      | 15,840                                 | 26,760                 | 31,925                      | 74,525     |
| Charges                  | 1,980                                  | 5,440                  | 315                         | 7,735      |
| Disposals                | -                                      | ( 5,000)               | -                           | ( 5,000)   |
| At 31st December 1996    | 17,820                                 | 27,200                 | 32,240                      | 77,260     |
| NET BOOK VALUE           |                                        |                        |                             |            |
| At 31st December 1996    | 81,180                                 | Nil                    | 135                         | 81,315     |
| At 31st December 1995    | 83,160                                 | 5,440                  | 450                         | 89,050     |

Freehold land and buildings were valued at 31st December 1987 at £100,000 by the directors. All other assets are stated at cost less depreciation to date.

The net book value of the company's freehold land and buildings under the historical cost convention at 31st December 1996 was £20,027 (1995 : £21,146).

8. INVESTMENTS

|                                                 | Investments<br>£ | Total<br>£ |
|-------------------------------------------------|------------------|------------|
| Cost at 1st January 1996 and 31st December 1996 | 1,850            | 1,850      |

All the above investments are unlisted.

The investments were valued at 31st December 1996 by the directors at £4,000 (1995 : £4,000).

HENRY MORRIS (1958) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 1996

| 9. STOCK                                                                     | 1996<br>£         | 1995<br>£         |
|------------------------------------------------------------------------------|-------------------|-------------------|
| Stock for resale                                                             | <u>27,937</u>     | <u>25,924</u>     |
| 10. DEBTORS                                                                  |                   |                   |
| Trade debtors                                                                | 39,519            | 37,989            |
| Due from group undertaking                                                   | 3,609             | 73,919            |
| Other debtors                                                                | 9,121             | 6,978             |
| Prepayments                                                                  | 3,158             | 3,692             |
| Corporation tax recoverable                                                  | 7,735             | 5,753             |
| Directors loan accounts                                                      | <u>31,649</u>     | <u>28,713</u>     |
|                                                                              | 94,791            | 157,044           |
|                                                                              | <u>          </u> | <u>          </u> |
| The aggregate amount of debtors included above and due in more than one year | <u>Nil</u>        | <u>49,819</u>     |

The amounts owed by directors are unsecured and interest free, the maximum amount outstanding during the year was £40,899. The directors completed settlement of the debt in May 1997.

The amount due from a group undertaking, M.G.M. Partners Limited, comprised an original loan of £81,818. This loan was to be repaid by 10 annual instalments of £8,000 and one thereafter of £1,818 commencing 1st April 1994. Default on any instalment would result in the loan becoming repayable on demand. The original loan was repaid in full during the year.

| 11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR | 1996<br>£         | 1995<br>£         |
|-----------------------------------------------------|-------------------|-------------------|
| Bank overdraft (secured)                            | 2,898             | 442               |
| Trade creditors                                     | 34,020            | 29,913            |
| Taxation and social security                        | 19,816            | 9,235             |
| Accruals                                            | 5,431             | 4,994             |
| Corporation tax                                     | <u>920</u>        | <u>4,686</u>      |
|                                                     | 63,085            | 49,270            |
|                                                     | <u>          </u> | <u>          </u> |

# HENRY MORRIS (1958) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31ST DECEMBER 1996

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation:

The amounts of deferred tax provided at 24% (1995 - 25%) and unprovided in the financial statements are:-

|                                | Provided |          | Unprovided |              |
|--------------------------------|----------|----------|------------|--------------|
|                                | 1996     | 1995     | 1996       | 1995         |
|                                | £        | £        | £          | £            |
| Surplus on revaluation         | 4,770    | 4,451    | 916        | 2,391        |
| Accelerated capital allowances | (1,636)  | (1,187)  | -          | -            |
| Unabsorbed losses              | (3,134)  | (3,264)  | -          | -            |
|                                | <u>-</u> | <u>-</u> | <u>916</u> | <u>2,391</u> |

### 13. MOVEMENT IN RESERVES

|                                                                             | Profit and Loss Account |                | Revaluation Reserve |               |
|-----------------------------------------------------------------------------|-------------------------|----------------|---------------------|---------------|
|                                                                             | 1996                    | 1995           | 1996                | 1995          |
|                                                                             | £                       | £              | £                   | £             |
| At 1st January 1996                                                         | 152,278                 | 148,660        | 62,454              | 63,315        |
| Retained (loss)/profit for the year                                         | ( 81,758)               | 2,757          |                     |               |
| Transfer of amount equivalent to additional depreciation on revalued assets | 861                     | 861            | ( 861)              | ( 861)        |
| At 31st December 1996                                                       | <u>71,381</u>           | <u>152,278</u> | <u>61,593</u>       | <u>62,454</u> |

### 14. CALLED UP SHARE CAPITAL

|                                   | Authorised    | Allotted and fully paid |               |
|-----------------------------------|---------------|-------------------------|---------------|
|                                   | £             | 1996                    | 1995          |
|                                   | £             | £                       | £             |
| 10,000 ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u>           | <u>10,000</u> |

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                               | 1996           | 1995           |
|-----------------------------------------------|----------------|----------------|
|                                               | £              | £              |
| (Loss)/profit for the financial year          | ( 7,832)       | 2,757          |
| Dividends                                     | ( 73,926)      | -              |
| Net reduction/addition to shareholders' funds | ( 81,758)      | 2,757          |
| Opening shareholders' funds                   | <u>224,732</u> | <u>221,975</u> |
| Closing shareholders' funds                   | <u>142,974</u> | <u>224,732</u> |

### 16. CAPITAL COMMITMENTS

|                                                                                 |            |            |
|---------------------------------------------------------------------------------|------------|------------|
| Capital expenditure contracted for but not provided in the financial statements | <u>Nil</u> | <u>Nil</u> |
|---------------------------------------------------------------------------------|------------|------------|

### 17. ULTIMATE HOLDING COMPANY

The company is a subsidiary of M.G.M. Partners Limited, a company incorporated in the U.K.