

Langley Mechanical Services Limited

Abbreviated accounts

For the year ended 31 December 2003

Grant Thornton 



Company No. 1536708

Company information

Registered office	Langley Bridge Trading Estate Derby Road Eastwood Nottingham NG16 3RZ
Directors	Mr A Whysall Mrs S Whysall Mr W Sweet
Secretary	Mr A J Whysall
Bankers	Barclays Bank PLC PO Box 18 Old Market Square Nottingham NG1 6FF
Solicitors	Robinsons Market Place Ilkeston Derbyshire
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 30 Hounds Gate NOTTINGHAM NG1 7DH

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and business review

The company is principally engaged in the supply, hire and maintenance of fork lift trucks.

The directors are pleased with the results for the year.

There was a profit for the year after taxation amounting to £196,609 (2002: profit £163,182).

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have approved the following dividends:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>13,500</u>	<u>25,000</u>

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2003	At 1 January 2003
Mr A Whysall	10,250	10,250
Mrs S Whysall	1,250	1,250
Mr W Sweet	2,000	2,000
Mr S Quigley (resigned 8 December 2003)	<u>11,500</u>	<u>11,500</u>

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 at the end of the year and of the profit or loss for the year then ended. 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Post balance sheet event

On 8 March 2004 the whole of the issued share capital of the company was acquired by Langley Mechanical Limited which became its ultimate parent undertaking from that date.

11,500 shares were purchased by Langley Mechanical Limited at a cost of £1,201,500 and the remaining 13,500 ordinary shares were acquired by a share for share exchange with existing members.

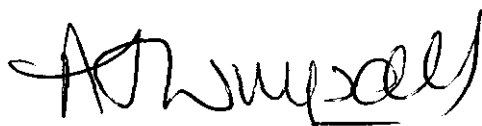
The company also secured additional bank funding of £600,000 and then loaned the parent company a total amount of £1,201,500. The loan of £200,000 to Mr S Quigley was repaid to the company on that date.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Mr A J Whysall
Secretary

21 SEPTEMBER 2004

Independent auditors' report to the company pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts which comprise the profit and loss account, balance sheet, cash flow statement and the related notes, together with the financial statements of the company for the year ended 31 December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act, and the abbreviated accounts which comprise the profit and loss account, balance sheet, cash flow statement and the related notes are properly prepared in accordance with those provisions.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

NOTTINGHAM
21 September 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Plant & Equipment	- 7 - 10 years
Fixtures & Fittings	- 5 years
Motor Vehicles	- 4 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Pension costs

The company operates a defined contribution pension arrangement for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income from investments

Investment income comprises of dividends declared during the accounting period and interest receivable on listed and unlisted investments.

Investments

Investments are included at cost.

Abbreviated profit and loss account

	Note	2003 £	2002 £
Gross profit		954,377	917,633
Other operating charges	1	(681,693)	(681,349)
Operating profit	2	<u>272,684</u>	<u>236,284</u>
Income from fixed asset investments	5	60	49
Interest receivable		9,837	5,616
Interest payable	6	(34,962)	(42,322)
Profit on ordinary activities before taxation		<u>247,619</u>	<u>199,627</u>
Tax on profit on ordinary activities	7	(51,010)	(36,445)
Profit on ordinary activities after taxation		<u>196,609</u>	<u>163,182</u>
Dividends	8	(13,500)	(25,000)
Retained profit for the financial year		<u><u>183,109</u></u>	<u><u>138,182</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Abbreviated balance sheet

	Note	2003 £	2002 £
Fixed assets			
Intangible assets	9	—	—
Tangible assets	10	823,435	947,752
Investments	11	632	632
		<u>824,067</u>	<u>948,384</u>
Current assets			
Stocks	12	99,439	101,868
Debtors	13	544,814	442,664
Cash at bank and in hand		482,024	625,924
		<u>1,126,277</u>	<u>1,170,456</u>
Creditors: amounts falling due within one year	14	<u>679,629</u>	<u>964,561</u>
Net current assets		<u>446,648</u>	<u>205,895</u>
Total assets less current liabilities		<u>1,270,715</u>	<u>1,154,279</u>
Creditors: amounts falling due after more than one year	15	<u>177,587</u>	<u>237,331</u>
		<u>1,093,128</u>	<u>916,948</u>
Provisions for liabilities and charges			
Deferred taxation	18	65,282	72,211
		<u>1,027,846</u>	<u>844,737</u>
Capital and reserves			
Called-up equity share capital	20	25,000	25,000
Profit and loss account	21	1,002,846	819,737
Shareholders' funds	22	<u>1,027,846</u>	<u>844,737</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 21-9-04 and are signed on their behalf by:


Mr A Whysall

The accompanying notes form part of these abbreviated accounts.

Cash flow statement

	Note	2003 £	2002 £
Net cash inflow from operating activities	23(a)	80,028	526,045
Returns on investments and servicing of finance			
Income from other fixed asset investments		60	49
Interest received		9,837	5,616
Interest paid		(1,725)	(2,300)
Interest element of finance leases and hire purchase		(33,237)	(40,022)
Net cash outflow from returns on investments and servicing of finance		(25,065)	(36,657)
Taxation		(38,303)	(48,662)
Capital expenditure			
Payments to acquire tangible fixed assets		(8,943)	(3,555)
Receipts from sale of fixed assets		86,086	90,201
Net cash inflow from capital expenditure		77,143	86,646
Equity dividends paid		(13,500)	(25,000)
Cash inflow before financing		80,303	502,372
Financing			
Capital element of finance leases and hire purchase		(224,203)	(278,744)
Net cash outflow from financing		(224,203)	(278,744)
(Decrease)/increase in cash	23(b)	(143,900)	223,628

Notes to the abbreviated accounts

1 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>681,693</u>	<u>681,349</u>

2 Operating profit

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Depreciation of owned fixed assets	111,165	116,508
Depreciation of assets held under finance leases and hire purchase agreements	107,150	93,515
Profit on disposal of fixed assets	(23,600)	(27,072)
Auditors' remuneration:		
Audit fees	<u>11,000</u>	<u>10,096</u>

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of administrative staff	<u>19</u>	<u>18</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	551,677	626,397
Social security costs	61,265	50,788
Other pension costs	15,551	19,150
	<u>628,493</u>	<u>696,335</u>

4 Directors

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments receivable	233,199	198,757
Value of company pension contributions to money purchase schemes	7,480	11,868
Compensation for loss of directorship	(32,553)	100,000
	<u>208,126</u>	<u>310,625</u>

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	112,343	159,915
Value of company pension contributions to money purchase schemes	3,720	4,388
	<u>116,063</u>	<u>164,303</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>3</u>	<u>4</u>

5 Income from fixed asset investments

	2003 £	2002 £
Dividends received	<u>60</u>	<u>49</u>

6 Interest payable and similar charges

	2003 £	2002 £
Interest payable on bank borrowing	1,725	2,300
Finance charges	33,237	40,022
	<u>34,962</u>	<u>42,322</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 19%)	57,956	38,320
Over/under provision in prior year	(17)	335
Total current tax	<u>57,939</u>	<u>38,655</u>
Deferred tax:		
Decrease in deferred tax provision	(6,929)	(2,210)
Tax on profit on ordinary activities	<u>51,010</u>	<u>36,445</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>247,619</u>	<u>199,627</u>
Profit on ordinary activities by rate of tax	74,286	59,888
Expenses not deductible for tax purposes	5,650	3,366
Capital allowances for period in excess of depreciation	10,940	(3,525)
Adjustment for small companies rate of corporation tax	(32,920)	(21,409)
(Over)/under provision in prior year	(17)	335
Total current tax (note 7(a))	<u>57,939</u>	<u>38,655</u>

8 Dividends

	2003 £	2002 £
Equity dividends:		
Dividend paid on 13,500 ordinary shares at £1 per share (2002: £1 per share)	<u>13,500</u>	<u>25,000</u>

The dividend was waived in respect of 11,500 ordinary shares (2002: nil).

9 Intangible fixed assets

	Intangible fixed assets £
Cost	
At 1 January 2003 and 31 December 2003	<u>14,000</u>
Amortisation	
At 1 January 2003	<u>14,000</u>
At 31 December 2003	<u>14,000</u>
Net book value	
At 31 December 2003	—
At 31 December 2002	—

10 Tangible fixed assets

	Plant & equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2003	1,840,211	53,314	261,327	2,154,852
Additions	51,452	12,767	92,265	156,484
Disposals	(155,861)	—	(60,382)	(216,243)
At 31 December 2003	<u>1,735,802</u>	<u>66,081</u>	<u>293,210</u>	<u>2,095,093</u>
Depreciation				
At 1 January 2003	1,001,964	50,078	155,058	1,207,100
Charge for the year	158,730	4,631	54,954	218,315
On disposals	(107,637)	—	(46,120)	(153,757)
At 31 December 2003	<u>1,053,057</u>	<u>54,709</u>	<u>163,892</u>	<u>1,271,658</u>
Net book value				
At 31 December 2003	<u>682,745</u>	<u>11,372</u>	<u>129,318</u>	<u>823,435</u>
At 31 December 2002	<u>838,247</u>	<u>3,236</u>	<u>106,269</u>	<u>947,752</u>

Included within the net book value of £823,435 is £541,583 (2002 - £594,975) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £107,150 (2002 - £93,515).

11 Investments

	Other investments £
Cost	
At 1 January 2003 and 31 December 2003	<u>632</u>
Net book value	
At 31 December 2003	<u>632</u>
At 31 December 2002	<u>632</u>

The aggregate market value of these investments at 31 December 2003 was £1,372 (2002: £1,284).

12 Stocks

	2003 £	2002 £
Consumable stores and parts	57,029	39,656
Fork lift trucks	42,410	62,212
	<u>99,439</u>	<u>101,868</u>

13 Debtors

	2003 £	2002 £
Trade debtors	344,765	442,664
Other debtors	200,049	—
	<u>544,814</u>	<u>442,664</u>

14 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	253,425	588,093
Corporation tax	57,956	38,320
Other taxation and social security	73,706	53,288
Amounts due under finance leases and hire purchase agreements	155,667	172,585
Accruals and deferred income	138,875	112,275
	<u>679,629</u>	<u>964,561</u>

15 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Amounts due under finance leases and hire purchase agreements	<u>177,587</u>	<u>237,331</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	155,667	172,585
Amounts payable between 1 and 2 years	100,091	114,887
Amounts payable between 3 and 5 years	77,496	119,873
Amounts payable after more than 5 years	~	2,571
	<u>333,254</u>	<u>409,916</u>

17 Pensions

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

18 Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	72,211	74,421
Profit and loss account movement arising during the year	(6,929)	(2,210)
Provision carried forward	<u>65,282</u>	<u>72,211</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	<u>65,282</u>	<u>72,211</u>

19 Contingent liabilities

The company operates a buy back deal on certain leased forklift trucks in which the vehicle will be repurchased from the customer at the end of the lease period. The amounts relating to these deals at 31 December 2003 was £136,549 and (2002: £117,249).

20 Share capital

Authorised share capital:

	2003 £	2002 £
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

21 Related party transactions

During the period, the company advanced an interest free, unsecured loan included in other debtors as follows.

	Amount 2003 £	outstanding 2002 £	Maximum liability during the year £
S Quigley (46% shareholder)	<u>200,000</u>	<u>—</u>	<u>200,000</u>

22 Reserves

	Profit and loss account £
At 1 January 2003	819,737
Retained profit for the year	183,109
At 31 December 2003	<u>1,002,846</u>

23 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	196,609	163,182
Dividends	(13,500)	(25,000)
	<u>183,109</u>	<u>138,182</u>
Opening shareholders' equity funds	844,737	706,555
Closing shareholders' equity funds	<u>1,027,846</u>	<u>844,737</u>

24 Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2003 £	2002 £
Operating profit	272,684	236,284
Depreciation	218,315	210,023
Profit on disposal of fixed assets	(23,600)	(27,072)
Decrease/(increase) in stocks	2,429	(21,241)
(Increase)/decrease in debtors	(102,150)	8,186
(Decrease)/increase in creditors	(287,650)	119,865
Net cash inflow from operating activities	<u>80,028</u>	<u>526,045</u>

(b) Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
(Decrease)/increase in cash in the period	(143,900)	223,628
Cash outflow in respect of finance leases and hire purchase	224,203	278,744
Change in net funds resulting from cash flows	80,303	502,372
New finance leases	(147,541)	(214,855)
Movement in net funds in the period	<u>(67,238)</u>	<u>287,517</u>
Net funds at 1 January 2003	216,008	(71,509)
Net funds at 31 December 2003	<u>148,770</u>	<u>216,008</u>

(c) Analysis of changes in net funds

	At 1 Jan 2003 £	Cash flows £	Other changes £	At 31 Dec 2003 £
Net cash:				
Cash in hand and at bank	625,924	(143,900)	—	482,024
Debt:				
Finance leases and hire purchase agreements	(409,916)	224,203	(147,541)	(333,254)
Net funds	<u>216,008</u>	<u>80,303</u>	<u>(147,541)</u>	<u>148,770</u>

25 Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2003 (2002: £32,097)

26 Post balance sheet events

On 8 March 2004 the whole of the issued share capital of the company was acquired by Langley Mechanical Limited which became its ultimate parent undertaking from that date.

11,500 shares were purchased by Langley Mechanical Limited at a cost of £1,201,500 and the remaining 13,500 ordinary shares were acquired by a share for share exchange with existing members.

The company also secured additional bank funding of £600,000 and then loaned the parent company a total amount of £1,201,500. The loan of £200,000 to Mr S Quigley was repaid to the company on that date.