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PENN COMMERCIALS LIMITED

2097708

FINANCIAL STATEMENTS

28 FEBRUARY 1995



PENN COMMERCIALS LIMITED

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28 FEBRUARY 1995

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COMPANY INFORMATION
28 FEBRUARY 1995

DIRECTORS

J M Higgs
P B Taylor

SECRETARY

J M Higgs

REGISTERED OFFICE

Unit 27
GWS Industrial Estate
Leabrook Road
Wednesbury
West Midlands
WS10 7ND

AUDITORS

Neville Russell
Lancaster House
67 Newhall Street
Birmingham
B3 1NG

BANKERS

Lloyds Bank Plc
Birmingham City Centre
P O Box 908
1 Cornwall Street
Birmingham
B3 2DS

COMPANY NUMBER

2097708

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 28 February 1995.

REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of repairing commercial vehicles.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESPONSIBILITIES OF THE DIRECTORS

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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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.

RESULTS AND DIVIDENDS

The results of the company for the year ended 28 February 1995 are set out in the financial statements.

The directors do not recommend the payment of any dividend. The retained profit for the year has been credited to reserves.

FIXED ASSETS

Details of changes in fixed assets are given in the financial statements.

REPORT OF THE DIRECTORS - Continued**DIRECTORS**

The directors set out below have held office during the whole of the period from 1 March 1994 to the date of this report unless otherwise stated. The interests of the directors holding office on 28 February 1995 in the shares of the company, according to the register of directors' interests, were as shown below:

	<u>Ordinary shares of £1 each</u>	
	1995	1994
J M Higgs	40	40
P B Taylor	40	40

In accordance with the articles of association, J M Higgs retires by rotation and, being eligible, offers himself for re-election.

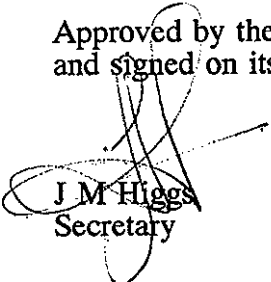
TAXATION STATUS OF THE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming annual general meeting.

Approved by the Board on 4 October 1995
and signed on its behalf



J M Higgs
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF PENN COMMERCIALS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared following the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 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.

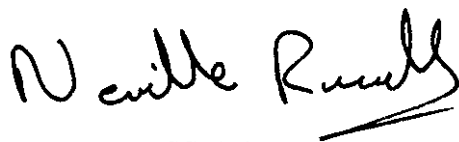
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 misstatement 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 at 28 February 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



NEVILLE RUSSELL
CHARTERED ACCOUNTANTS and
Registered Auditors

Lancaster House
67 Newhall Street
Birmingham
B3 1NG

4 October 1995

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 1995**

	<u>Notes</u>	1995 £	1994 £
TURNOVER	2	796,871	710,198
Cost of sales		(507,017)	(516,699)
GROSS PROFIT		289,854	193,499
Distribution expenses		(9,221)	(14,317)
Administrative expenses		(255,683)	(199,825)
OPERATING PROFIT/(LOSS)		24,950	(20,643)
OTHER OPERATING INCOME	6	16,105	10,797
Other interest receivable and similar income		4,581	8,336
Interest payable and similar charges		(3,564)	(4,274)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	42,072	(5,784)
Taxation on profit on ordinary activities	7	16,845	2,224
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	15	25,227	(3,560)
RETAINED PROFITS AT BEGINNING OF YEAR		184,271	187,831
RETAINED PROFITS AT END OF YEAR	15	209,498	184,271

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the profit as stated above.

The profit for the year has been calculated on the historical cost basis.

BALANCE SHEET AT 28 FEBRUARY 1995

	<u>Notes</u>	1995 £	1994 £
FIXED ASSETS			
Tangible assets	8	80,621	74,160
CURRENT ASSETS			
Stocks and work in progress	9	42,665	26,570
Investments	10	99,869	-
Debtors	11	128,829	124,639
Cash at bank and in hand		91,225	159,211
		<u>362,588</u>	<u>310,420</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(217,866)	(170,542)
NET CURRENT ASSETS		<u>144,722</u>	<u>139,878</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		225,343	214,038
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(15,725)	(29,647)
NET ASSETS		<u>209,618</u> =====	<u>184,391</u> =====
CAPITAL AND RESERVES			
Called up share capital	14	120	120
Profit and loss account	15	209,498	184,271
		<u>209,618</u> =====	<u>184,391</u> =====

Approved by the Board
and signed on its behalf

J M Higgs

P B Taylor

Directors

14.10.95

Date

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

1 ACCOUNTING POLICIES

Basis of accounting:

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

Turnover:

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

Depreciation:

Depreciation is calculated to write off the cost of fixed assets on a reducing balance basis over their estimated useful lives.

Stocks and work in progress:

Stocks and work in progress are stated at lower of cost and net realisable value. Cost consists of material and direct labour costs.

Hire purchase:

Assets held under hire purchase and the related lease obligations are included at the fair value of the assets at the inception of the lease. Depreciation on hire purchase assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

Taxation:

The charge for taxation is based on the result for the year, at current rates of tax, and takes into account deferred taxation on all timing differences between the treatment of certain items for accounts purposes and their treatment for corporation tax purposes, because the directors are unable to foresee with reasonable certainty that such timing differences will not reverse.

Current asset investments:

Current asset investments are stated at the lower of cost and net realisable value.

2 TURNOVER

The turnover and pre-tax result for the year are attributable to the principal activity. The whole of the turnover is to the UK market.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

	1995 £	1994 £
3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	14,996	5,329
Depreciation of tangible fixed assets held under hire purchase contracts	12,454	7,135
Amounts written off current investments	7995	-
Loss on disposal of tangible fixed assets	-	263
Auditors' remuneration	2,000	2,000
Hire of plant and machinery	482	4,822
Interest payable:		
Hire purchase charges	3,564	4,274
Exceptional charges - insurance adjustment (below)	-	12,860
Exceptional income - Inland Revenue Investigation (below)	-	(5,935)
	=====	=====

Exceptional Charges:

Insurance adjustment

Due to incorrect opening balances, an insurance adjustment has been made during the year ended 28 February 1994, which relates to the 12 months ended 28 February 1993. This has the effect of charging £12,860 to insurance in the profit and loss account for that year.

Exceptional Income:

Inland Revenue Investigation

Expenditure found to be of a private nature during an Inland Revenue investigation has been correctly entered into the directors loan accounts. The expenditure, originally charged to cost of sales, has now been reversed. The effect on the profit and loss account is to credit cost of sales with £5,935 during the year ended 28 February 1994.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1995

	1995 £	1994 £
4 DIRECTORS		
Emoluments:		
Management services	60,220	49,759
Pension costs	20,000	11,941
Benefits in kind	10,876	8,465
	<u>91,096</u>	<u>70,165</u>
	=====	=====
The emoluments of directors who received emoluments (excluding pensions and pension contributions) in the following ranges were:		
The highest paid director	45,796	34,616
	=====	=====
Other directors:	Number	Number
£30,001 - £35,000	-	1
£45,001 - £50,000	1	-
	=====	=====
5 STAFF COSTS	1995 £	1994 £
Wages and salaries	131,403	94,273
Social security costs	14,686	10,370
Other pension costs	20,000	11,941
	<u>166,089</u>	<u>116,584</u>
	=====	=====
The average number of persons employed by the company (including directors) during the year was as follows:	Number	Number
Selling and distribution	2	1
Administration	1	1
Direct	4	3
	<u>7</u>	<u>5</u>
	=====	=====
Total employees		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

	1995 £	1994 £
6 OTHER OPERATING INCOME		
Rents received	14,650	10,797
Dividends received from listed investments	679	-
Interest received from treasury stock	773	-
Profit on sale of listed investments	3	-
	<u>16,105</u>	<u>10,797</u>
	=====	=====
 7 TAXATION		
Losses carried back to previous year	-	2,553
Corporation tax at 25% (1994 25%)	16,516	-
Under provision in respect of prior years	-	(329)
Tax attributable to franked investment income	329	-
	<u>16,845</u>	<u>2,224</u>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

8 TANGIBLE FIXED ASSETS	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 March 1994	16,001	10,559	77,243	103,803
Additions	19,946	-	18,180	38,126
Disposals	-	-	(6,130)	(6,130)
	-----	-----	-----	-----
At 28 February 1995	35,947	10,559	89,293	135,799
	=====	=====	=====	=====
ACCUMULATED DEPRECIATION				
At 1 March 1994	13,049	8,691	7,903	29,643
Charge for the year	7,048	623	19,779	27,450
Eliminated on disposals	-	-	(1,915)	(1,915)
	-----	-----	-----	-----
At 28 February 1995	20,097	9,314	25,767	55,178
	=====	=====	=====	=====
NET BOOK VALUES				
At 28 February 1995	15,850	1,245	63,526	80,621
	=====	=====	=====	=====
At 28 February 1994	2,952	1,868	69,340	74,160
	=====	=====	=====	=====
Depreciation rates	33.33% RB	33.33% RB	25% RB	

The net book value of motor vehicles of £63,526 (1994 £69,340) includes an amount of £48,588 (1994 £56,384) in respect of assets held under finance leases and hire purchase contracts.

9 STOCKS AND WORK IN PROGRESS	1995 £	1994 £
Raw materials	8,450	1,100
Work in progress	34,215	25,470
	-----	-----
	42,665	26,570
	=====	=====
10 CURRENT ASSET INVESTMENTS		
Listed	99,869	-
	=====	=====

At 28 February 1995 the market value of investments (all of which are listed on a recognised investment exchange in Great Britain) was £100,163. All investments held were sold on 6 March 1995 and the valuation of £99,869 above represents the net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

	1995 £	1994 £
11 DEBTORS		
Trade debtors	88,879	100,001
Corporation tax recoverable	2,553	2,553
Other debtors	27,189	13,549
Prepayments and accrued income	10,208	8,536
	<u>128,829</u>	<u>124,639</u>
	=====	=====

Included in other debtors at 28 February 1995 are the following directors loan accounts:

J Higgs	£ 3,877
	=====
P Taylor	£ 1,563
	=====

**12 CREDITORS - AMOUNTS FALLING
DUE WITHIN ONE YEAR**

Trade creditors	147,455	135,711
Corporation tax due	16,516	-
Other taxation and social security costs	26,389	15,995
Other creditors	904	-
Amounts due under finance leases and hire purchase contracts	17,547	14,836
Accruals and deferred income	9,055	4,000
	<u>217,866</u>	<u>170,542</u>
	=====	=====

The bank overdraft is secured by an unlimited debenture dated 7 April 1988.

	1995 £	1994 £
13 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Amounts due under finance leases and hire purchase contracts (2 - 5 years)	15,725	29,647
	<u>15,725</u>	<u>29,647</u>
	=====	=====

14 SHARE CAPITAL

Authorised:		
Ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>
	=====	=====
Allotted, issued and fully paid:		
Ordinary shares of £1 each	120	120
	<u>120</u>	<u>120</u>
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1995**

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>Share Capital</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
Balance as at 1 March 1993	120	187,831	187,951
Retained loss per the year	—	(3,560)	(3,560)
	-----	-----	-----
Balance as at 28 February 1994	120	184,271	184,391
Retained profit for the year	—	25,227	25,227
	-----	-----	-----
Balance as at 28 February 1995	120	209,498	209,618
	=====	=====	=====