

PENN COMMERCIALS LIMITED

FINANCIAL STATEMENTS

31 MAY 1996



PENN COMMERCIALS LIMITED

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31 MAY 1996

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COMPANY INFORMATION
31 MAY 1996

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
Nexia House
The Broadway
Dudley
West Midlands
DY1 4PY

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 period ended 31 May 1996.

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 period 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 period 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 period ended 31 May 1996 are set out in the financial statements.

The directors do not recommend the payment of any dividend. The retained loss for the period has been charged to reserves.

SHARE CAPITAL

On 3 May 1996 the company acquired 40 of its own shares for a price of £2,500 each, for the benefit of its business.

REPORT OF THE DIRECTORS - Continued

DIRECTORS

The directors set out below have held office during the whole of the period from 1 March 1995 to the date of this report unless otherwise stated. The interests of the directors holding office on 31 May 1996 in the shares of the company, according to the register of directors' interests, were as shown below:

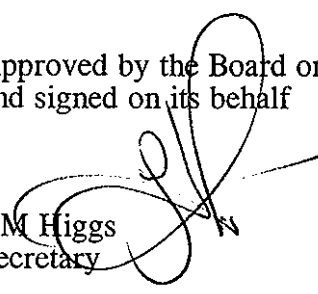
	<u>Ordinary shares of £1 each</u>	
	1996	1995
J M Higgs	40	40
P B Taylor	40	40

In accordance with the articles of association, P B Taylor retires by rotation and, being eligible, offers himself for re-election.

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 28 February 1997
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 12 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.

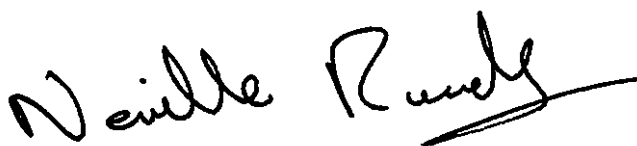
Basis of opinion

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 31 May 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



NEVILLE RUSSELL
CHARTERED ACCOUNTANTS and
Registered Auditors

Nexia House
The Broadway
Dudley
West Midlands
DY1 4PY

28 February 1997

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MAY 1996**

	<u>Notes</u>	15 months 1996 £	12 months 1995 £
TURNOVER	2	1,037,582	796,871
Cost of sales		(707,348)	(513,336)
GROSS PROFIT		330,234	283,535
Distribution expenses		(10,766)	(9,221)
Administrative expenses		(395,135)	(249,364)
Other operating income	4	26,833	16,105
OPERATING LOSS		(48,834)	41,055
Interest receivable and similar income		8,927	4,581
Interest payable and similar charges	5	(5,233)	(3,564)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(45,140)	42,072
Taxation on loss on ordinary activities	8	3,162	(16,845)
LOSS FOR THE FINANCIAL PERIOD	16	(41,978)	25,227
RETAINED PROFITS AT BEGINNING OF PERIOD		209,498	184,271
		167,520	209,498
PURCHASE OF OWN SHARES		(100,000)	(-)
RETAINED PROFITS AT END OF PERIOD	16	67,520	209,498

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

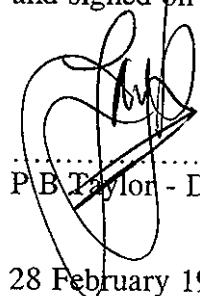
The loss for the period has been calculated on the historical cost basis.

There are no recognised gains or losses for the period other than as disclosed above.

BALANCE SHEET AT 31 MAY 1996

	<u>Notes</u>	1996 £	1995 £
FIXED ASSETS			
Tangible assets	9	75,275	80,621
CURRENT ASSETS			
Stocks and work in progress	10	25,188	42,665
Investments	11	-	99,869
Debtors	12	159,574	128,829
Cash at bank and in hand		40,326	91,225
		225,088	362,588
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(212,689)	(217,866)
NET CURRENT ASSETS		12,399	144,722
TOTAL ASSETS LESS CURRENT LIABILITIES		87,674	225,343
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(20,034)	(15,725)
NET ASSETS		67,640	209,618
CAPITAL AND RESERVES			
Called up share capital	15	80	120
Capital redemption reserve	16	40	-
Profit and loss account	16	67,520	209,498
		67,640	209,618

Approved by the Board
and signed on its behalf



P. B. Taylor - Director

28 February 1997

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996**

1 ACCOUNTING POLICIES

Accounting convention:

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.

Deferred taxation:

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that a liability will crystallise in the foreseeable future.

Current asset investments:

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

Operating leases:

Rental payable under operating leases are charged on a straight line basis over the term of the lease.

Pension costs:

Contributions payable in respect of directors' pension arrangements are charged to the profit and loss account in the period to which they relate.

2 TURNOVER

The turnover, pre-tax result and net assets are attributable to the principal activity. The company operates in the UK and the whole of the turnover is to the UK market.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996

	1996 £	1995 £
3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
The loss on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs (note 6)	230,679	166,089
Depreciation of owned tangible fixed assets	12,839	14,996
Depreciation of tangible fixed assets held under hire purchase contracts	18,307	12,454
Amounts written off current investments	-	7,995
Profit on disposal of tangible fixed assets	(5,609)	(-)
Auditors' remuneration	2,500	2,000
Hire of plant and machinery	1,913	482
	<u> </u>	<u> </u>
4 OTHER OPERATING INCOME		
Rents received	13,824	14,650
Income from listed investments	-	1,455
Profit on disposal of tangible fixed assets	5,609	-
Recharged to related undertaking	7,400	-
	<u> </u>	<u> </u>
	26,833	16,105
	<u> </u>	<u> </u>
5 INTEREST PAYABLE AND SIMILAR CHARGES		
Hire purchase interest	3,454	3,564
Other interest	1,779	-
	<u> </u>	<u> </u>
	5,233	3,564
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996

	1996 £	1995 £
6 STAFF COSTS		
Wages and salaries	181,181	131,403
Social security costs	20,748	14,686
Other pension costs	18,750	20,000
	<u>220,679</u>	<u>166,089</u>
 The average number of persons employed by the company (including directors) during the period was as follows:		
	Number	Number
Selling and distribution	2	2
Administration	1	1
Direct	4	4
	<u>7</u>	<u>7</u>
 Total employees		
	<u>7</u>	<u>7</u>
 7 DIRECTORS		
Emoluments:		
Management services	82,706	60,220
Pension costs	18,750	20,000
Benefits in kind	85,462	10,876
	<u>186,918</u>	<u>91,096</u>
 The emoluments of directors who received emoluments (excluding pensions and pension contributions) in the following ranges were:		
The highest paid director	84,448	45,796
	<u>84,448</u>	<u>45,796</u>
 Other director:	Number	Number
£45,001 - £50,000	-	1
£80,001 - £85,000	1	-
	<u>1</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996**

			1996 £	1995 £	
8	TAXATION				
	Losses carried back to previous year		(16,000)	-	
	Corporation tax at 25% (1995 25%)		-	16,516	
	Under provision in respect of prior years		12,838	-	
	Tax attributable to franked investment income		-	329	
			(3,162)	16,845	
9	TANGIBLE FIXED ASSETS	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
	COST				
	At 28 February 1995	35,947	10,559	89,293	135,799
	Additions	4,822		38,369	43,191
	Disposals	(10,125)		(28,853)	(38,978)
	At 31 May 1996	30,644	10,559	98,809	140,012
	ACCUMULATED DEPRECIATION				
	At 28 February 1995	20,097	9,314	25,767	55,178
	Charge for the period	7,652	519	22,975	31,146
	Eliminated on disposals	(7,125)		(14,462)	(21,587)
	At 31 May 1996	20,624	9,833	34,280	64,737
	NET BOOK VALUES				
	At 31 May 1996	10,020	726	64,529	75,275
	At 28 February 1995	15,850	1,245	63,526	80,621
	Depreciation rates	33.33%	33.33%	25%	

The net book value of motor vehicles of £64,529 (1995 £63,526) includes an amount of £20,213 (1995 £48,588) in respect of assets held under hire purchase contracts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996**

	1996 £	1995 £
10 STOCKS AND WORK IN PROGRESS		
Raw materials	6,574	8,450
Work in progress	18,614	34,215
	<u>25,188</u>	<u>42,665</u>
11 CURRENT ASSET INVESTMENTS		
Listed	-	99,869
	<u>-</u>	<u>99,869</u>
12 DEBTORS		
Trade debtors	96,226	88,879
Corporation tax recoverable	16,000	2,553
Other debtors	23,754	27,189
Prepayments and accrued income	23,594	10,208
	<u>159,574</u>	<u>128,829</u>
13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	123,775	147,455
Corporation tax	-	16,516
Other taxation and social security costs	14,651	26,389
Other creditors	2,106	904
Amounts due under hire purchase contracts	18,377	17,547
Accruals and deferred income	8,770	9,055
Directors' loan accounts	45,010	-
	<u>212,689</u>	<u>217,866</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 1996

	1996 £	1995 £
14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Amounts due under hire purchase contracts	20,034	15,725

Amounts due under hire purchase contracts are secured by the related assets, bear interest at a fixed commercial rate and repayable by installments within five years.

15 SHARE CAPITAL

Authorised:		
Ordinary shares of £1 each	5,000	5,000
Allotted, issued and fully paid:		
Ordinary shares of £1 each	80	120

On 3 May 1996 the company acquired 40 of its own shares at a price of £2,500 each for the benefit of its business.

	Share Capital £	Capital Redemption Reserve £	Profit and Loss Account £	Total £
16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS				
Balance at 28 February 1995	120	-	209,498	209,618
Loss for the financial period	-	-	(41,978)	(41,978)
Purchase of own shares	(40)	-	(99,960)	(100,000)
Transfer	-	40	(40)	-
Balance at 31 May 1996	80	40	67,520	67,640