Accountants and business advisors

MARTINDALE FUELS LIMITED

Company Number: 04789821

ANNUAL REPORT

ELEVEN MONTHS ENDED 30 JUNE 2004

A0UUJ207
A39
COMPANIES HOUSE
0586
10/02/05

MARTINDALE FUELS LIMITED

COMPANY INFORMATION

Directors	A J L Martindale C Tait
Secretary	A Lindop
Company Number	04789821
Registered Office	Sovereign House Queen Street Manchester M2 5HR
Auditors	PKF Sovereign House Queen Street Manchester M2 5HR
Solicitors	Mace & Jones Solicitors 14 Oxford Court Bishopsgate Manchester M2 3WQ
Bankers	HSBC Bank Plc City Branch 4 Dale Street Liverpool L69 2BZ

MARTINDALE FUELS LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
INDEPENDENT AUDITORS' REPORT	3 - 4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 16

MARTINDALE FUELS LIMITED
DIRECTORS' REPORT
ELEVEN MONTHS ENDED 30 JUNE 2004

The directors submit their report and the financial statements for the period ended 30 June 2004.

Results and dividends

The profit for the period, after taxation, amounted to **£76,319**.

The directors recommend a dividend of £10,000 leaving a balance of £66,319 which is transferred to retained reserves.

Incorporation

The company was incorporated on 6 June 2003. It commenced trading on 26 July 2003.

Principal activity and review of the business

During the year the company took over the net liabilities of R L Martindale Limited for nil consideration.

The principal activity of the company was that of a fuel transport and distribution logistics business. The directors consider the performance in the period to be most satisfactory.

Directors

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the start of the period (or date of appointment, if later) were:

	Ordinary Shares of £1 each 2004
A J L Martindale (appointed 23 September 2003)	**7,500**
C Tait (appointed 6 June 2003)	**2,500**
S Cottrell (appointed 6 June 2003)(resigned 23 September 2003)	

Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board

Secretary

24 September 2004

MARTINDALE FUELS LIMITED
STATEMENT OF 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;
- state whether applicable accounting standards have been followed, 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARTINDALE FUELS LIMITED

We have audited the financial statements of Martindale Fuels Limited for the period ended 30 June 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 as at 30 June 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF.

PKF
Registered Auditors

Manchester, UK
24 September 2004

MARTINDALE FUELS LIMITED
PROFIT AND LOSS ACCOUNT
ELEVEN MONTHS ENDED 30 JUNE 2004

	Notes	2004 £
TURNOVER	2	47,006,408
Cost of sales		(46,137,585)
GROSS PROFIT		868,823
Distribution costs		(39,617)
Administrative expenses		(635,291)
OPERATING PROFIT	3	193,915
Interest payable and similar charges	6	(99,308)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		94,607
TAXATION	7	(18,288)
PROFIT FOR THE FINANCIAL YEAR		76,319
DIVIDENDS		(10,000)
		66,319

All amounts relate to continuing operations.

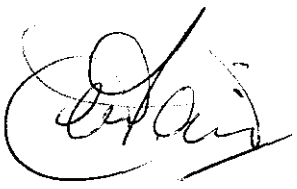
There were no recognised gains or losses for the period other than those included in the profit and loss account.

MARTINDALE FUELS LIMITED
BALANCE SHEET
30 JUNE 2004

	Notes		2004 £
FIXED ASSETS			
Intangible	8		394,551
Tangible	9		663,917
			1,058,468
CURRENT ASSETS			
Stocks	10	282,950	
Debtors	11	3,094,047	
Cash at bank and in hand		11,431	
		3,388,428	
CREDITORS: amounts falling due within one year	12	(4,197,926)	
NET CURRENT LIABILITIES			(809,498)
TOTAL ASSETS LESS CURRENT LIABILITIES			248,970
CREDITORS: amounts falling due after more than one year	13		(154,363)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(18,288)
NET ASSETS			76,319
CAPITAL AND RESERVES			
Called up share capital	16		10,000
Profit and loss account	17		66,319
SHAREHOLDERS' FUNDS	18		76,319

The financial statements were approved by the board of directors on 24 September 2004

Signed on behalf of the board of directors

Director 

MARTINDALE FUELS LIMITED
CASH FLOW STATEMENT
ELEVEN MONTHS ENDED 30 JUNE 2004

	2004 £
Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit	**193,915**
Amortisation of intangible assets	**20,869**
Depreciation of tangible fixed assets	**51,718**
Profit on sale of fixed assets	**(460)**
Increase in debtors	**(3,094,047)**
Increase in stocks	**(282,950)**
Increase in creditors	**3,245,162**
Net cash inflow from operating activities	**134,207**

CASH FLOW STATEMENT (note 19)	
Net cash inflow from operating activities	**134,207**
Returns on investments and servicing of finance	**(99,308)**
Capital expenditure	**460**
	35,359
Financing	**(37,177)**
Decrease in cash	**(1,818)**

Reconciliation of net cash flow to movement in net debt (note 20)	
Decrease in cash in the period	**(1,818)**
Cash inflow from increase in debt and lease financing	**47,177**
New finance leases	**(255,940)**
Change in net debt	**(210,581)**
Net debt at 6 June 2003	**-**
Net debt at 30 June 2004	**(210,581)**

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) Turnover

Turnover comprises the invoice value of fuel transported and distributed to customers, net of value added tax and trade discounts.

(c) Goodwill

Goodwill has arisen on the acquisition of the trade and assets of another business. It has been recorded at cost, being the excess of the consideration paid above the fair value of the net assets acquired. It is to be written off to the profit and loss account on a straight line basis over a twenty year period.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	2 % straight line
Plant, machinery, fixtures, fittings and office equipment	7 to 33 % straight line
Motor vehicles	7 to 25 % straight line

Freehold land is not depreciated.

(e) Finance leases and hire purchase

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account on a straight line basis over the period of the lease.

(f) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(h) Deferred taxation

As specified in Financial Reporting Standard 19, "Deferred tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements, and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1 ACCOUNTING POLICIES (continued)

(i) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging:

	2004 £
Amortisation of intangible assets	20,869
Depreciation of tangible fixed assets:	
- owned by the company	26,769
- held under finance lease or hire purchase contracts	24,949
Audit fees	10,000
Auditors' remuneration - non-audit services	30,990
Pension cost	14,478
Exceptional item:	
Non-recurring costs	31,165

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2004 £
Directors' emoluments	49,770
Contributions to money purchase pension schemes	4,176

The number of directors accruing benefits under pension schemes were:

	No
Money purchase schemes	2

The highest paid director received emoluments and benefits as follows:

	2004 £
Emoluments and benefits under long term incentive schemes	48,511
Contributions to money purchase pension schemes	1,856

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2004 £
Wages and salaries	474,019
Social security costs	46,481
Other pension costs	14,478
	534,978

The average monthly number of employees, including executive directors, during the period was:

	No
Management and admin	10
Operatives	12
	22

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £
Bank loans and overdrafts	88,847
Finance charges under finance lease and hire purchase contracts	10,461
	99,308

7 TAXATION

(a) Analysis of charge in period

	2004 £
Deferred tax	
Changes in deferred tax balances arising from:	
Origination or reversal of timing differences	**18,288**

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2004 £
Profit on ordinary activities before tax	**94,607**
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19%-	**17,975**
Effects of:	
Expenses not deductible for tax purposes	**982**
Capital allowances in excess of depreciation	**(22,334)**
Other short term timing differences	**14**
Unrelieved tax losses carried forward	**3,363**
Current tax charge for the period	**-**

8 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
Additions	**415,420**
At 30 June 2004	**415,420**
Amortisation	
Charge for the period	**20,869**
At 30 June 2004	**20,869**
Net book amount	
At 30 June 2004	**394,551**

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
Additions	**309,000**	**396,881**	**9,754**	**715,635**
At 30 June 2004	**309,000**	**396,881**	**9,754**	**715,635**
Depreciation				
Charge for year	**3,090**	**45,978**	**2,650**	**51,718**
At 30 June 2004	**3,090**	**45,978**	**2,650**	**51,718**
Net book amount				
At 30 June 2004	**305,910**	**350,903**	**7,104**	**663,917**

The net book amounts of plant and machinery above include **£192,612** in respect of assets held under finance leases or hire purchase contracts.

10 STOCKS

	2004 £
Finished goods	**282,950**

11 DEBTORS

	2004 £
Due within one year	
Trade debtors	**3,055,719**
Other debtors	**222**
Prepayments and accrued income	**38,106**
	3,094,047

12 CREDITORS

	2004 £
Amounts falling due within one year	
Bank overdrafts	**13,249**
Trade creditors	**3,107,037**
Other tax and social security	**12,406**
Proposed dividends	**10,000**
Net obligations under finance lease and hire purchase contracts (note 14)	**54,400**
Other creditors	**899,111**
Accruals and deferred income	**101,723**
	4,197,926

Included in other creditors are £830,203 secured on specific book debts of the company.

13 CREDITORS

	2004 £
Amounts falling due after more than one year	
Net obligations under finance lease and hire purchase contracts(note 14)	**154,363**

14 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2004 £
Within one year	**54,400**
Between one and five years	**154,363**
	208,763

Finance lease and hire purchase creditors are secured on the assets concerned.

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Charged to profit and loss	**18,288**
At 30 June 2004	**18,288**

Deferred tax is analysed as follows:

	Provided 2004 £	Not provided 2004 £
Capital allowances	**21,665**	-
Other timing differences	**(14)**	-
Losses	**(3,363)**	-
	18,288	-

16 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
Movements in period:			
Ordinary shares of £1 each:			
Issued on incorporation	1,000	100	**100**
Issued in year	9,000	9,900	**9,900**
At 30 June 2004			

During the year 10,000 ordinary shares with an aggregate nominal value of £10,000 were issued for cash at par.

17 RESERVES

Profit and loss account	£
Profit for the period	**76,319**
Dividends	**(10,000)**
At 30 June 2004	**66,319**

18 SHAREHOLDERS' FUNDS

	2004 £
Profit for the period	76,319
Dividends	(10,000)
Other movements:	
New shares issued	10,000
Shareholders' funds at 30 June 2004	76,319

19 GROSS CASH FLOWS

	2004 £
Returns on investments and servicing of finance	
Interest paid	(88,847)
Interest element of finance lease rentals	(10,461)
	(99,308)
Capital expenditure	
Receipts from sales of tangible fixed assets	460
Financing	
Issue of share capital	10,000
Capital element of finance lease rentals	(47,177)
	(37,177)

20 ANALYSIS OF CHANGES IN NET DEBT

	At 6 June 2003 £	Cash flows £	Other changes £	At 30 June 2004 £
Cash at bank and in hand	-	11,431	-	11,431
Overdrafts	-	(13,249)	-	(13,249)
		(1,818)		
Finance leases	-	47,177	(255,940)	(208,763)
Total	-	45,359	(255,940)	(210,581)

21 TRANSACTIONS WITH RELATED PARTIES

The director, A J Martindale, is also a director and shareholder of Martindale FM Limited. At the period end a creditor of £6,107 was due from that company. All of the balance arose during the period. During the year, management charges of £25,000 were made by Martindale FM Limited to the company.

22 FAIR VALUE TABLE

	On acquisition £	Fair value adjustments £	Total £
Tangible fixed assets	653,165	-	**653,165**
Stocks	84,575	29,710	**114,285**
Debtors	3,032,728	16,293	**3,049,021**
Cash	250	-	**250**
Creditors	(4,235,702)	3,561	**(4,232,141)**
Net liabilities acquired	(464,984)	49,564	**(415,420)**
Goodwill arising	464,984	(49,564)	**415,420**

On 26 July 2003 Martindale Fuels Limited took over the net liabilities of R L Martindale Limited for a nil cash consideration giving rise to goodwill.

23 CONTROLLING PARTIES

The company is controlled by A J Martindale, a director of the company.

24 GOING CONCERN

The balance sheet shows that the company has net current liabilities of £809,498. the company is dependent on external funding and credit terms from its principal supplier.

The directors are confident that external funding and suitable credit arrangements with its principal supplier will be available to enable the company to continue as a going concern for the foreseeable future.