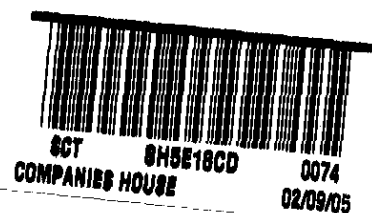


Bernard Brogan Limited

**Directors' report and financial
statements**

Registered number 29521

31 May 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2005.

Principal activities

The company is principally engaged in fuel distribution, fuel card agency and ironmongery supplies.

Business review and proposed dividend

The profit for the year after taxation amounted to £778,000 (2004: £511,000). A dividend of £113,000 is proposed (2004: £81,000) leaving the balance to be transferred to reserves.

Directors and directors' interests

The directors who held office at the year end and their interests in the ordinary share capital of the company were as follows:

	Note	2005	2004
CB Brogan		8,469	8,469
AH Tait		8,469	5,669
A Brogan		8,469	6,562
W Taylor		Nil	Nil
R Tomal		Nil	Nil

As at 31 May 2004 AH Tait and A Brogan had options over 2,800 and 1,907 shares respectively.

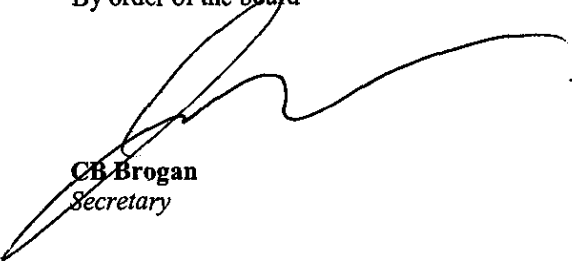
Market value of freehold properties

In the opinion of the directors the company's freehold properties have a market value in excess of book value.

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


CB Brogan
Secretary

Nethan Street
Motherwell
ML1 3TF

25 August 2005



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Report of the independent auditors to the members of Bernard Brogan Limited

We have audited the financial statements on pages 4 to 18.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 as at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 August 2005

Profit and loss account
for the year ended 31 May 2005

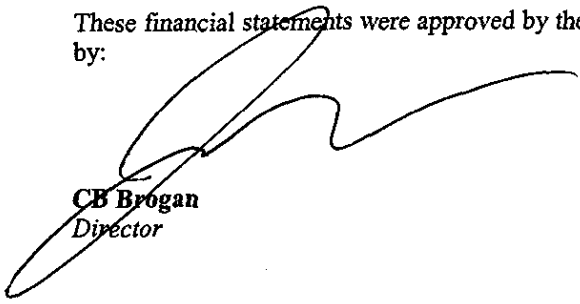
	<i>Note</i>	2005 £000	2004 £000
Turnover	<i>1</i>	138,828	100,564
Cost of sales		(134,314)	(97,257)
Gross profit		<u>4,514</u>	<u>3,307</u>
Administrative expenses		(3,276)	(2,654)
Other operating income		54	80
Operating profit		<u>1,292</u>	<u>733</u>
Profit on sale of operation (see note 2)		-	200
Interest receivable	<i>5</i>	9	5
Interest payable	<i>6</i>	(168)	(126)
Profit on ordinary activities before taxation	<i>2</i>	<u>1,133</u>	<u>812</u>
Taxation on ordinary activities	<i>7</i>	(355)	(301)
Profit on ordinary activities after taxation and for the financial year		<u>778</u>	<u>511</u>
Dividend payable	<i>8</i>	(113)	(81)
Retained profit for the year		<u>665</u>	<u>430</u>
Profit and loss account brought forward		3,737	3,307
Profit and loss account carried forward		<u><u>4,402</u></u>	<u><u>3,737</u></u>

There have been no recognised gains or losses other than the profit for the financial year. All results derive from continuing operations.

Balance sheet
at 31 May 2005

	<i>Note</i>	2005		2004	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		5,438		4,891
Investments	10		11		11
			5,449		4,902
Current assets					
Stocks	11	1,765		1,622	
Debtors	12	14,646		9,740	
Cash at bank and in hand		616		1,612	
		17,027		12,974	
Creditors: amounts falling due within one year	13	(16,304)		(12,645)	
Net current assets			723		329
Total assets less current liabilities			6,172		5,231
Creditors: amounts falling due after more than one year	13		(1,350)		(1,181)
Provision for liabilities and charges	15		(276)		(220)
Net assets			4,546		3,830
Capital and reserves					
Called up equity share capital	16		85		81
Share premium	17		143		44
Capital redemption reserve			5		5
Own shares held	18		(89)		(37)
Profit and loss account			4,402		3,737
Shareholders' funds - equity	19		4,546		3,830

These financial statements were approved by the board of directors on 25 August 2005 and were signed on its behalf by:


CB Brogan
Director

Cash flow statement
for the year ended 31 May 2005

	<i>Note</i>	2005	2004
		£000	£000
Net cash inflow from operating activities	20	512	2,249
Returns on investments and servicing of finance			
Interest paid (net)		(90)	(63)
Interest element of finance lease rental payments		(63)	(58)
Net cash outflow from returns on investments and servicing of finance		(153)	(121)
Taxation		(206)	(155)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(900)	(1,000)
Disposal of tangible fixed assets		82	243
Purchase of shares by Employee Benefit Trust		(52)	(37)
Net cash outflow from investing activities		(870)	(794)
Equity dividends paid		(81)	(65)
Net cash (outflow)/inflow before financing		(798)	1,114
Financing			
Capital element of finance lease rental payments		(253)	(340)
Loan repayments		(100)	(100)
Issue of ordinary shares		103	15
Net cash outflow from financing		(250)	(425)
(Decrease)/increase in cash balances	21	(1,048)	689

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting. The accounts have been prepared in accordance with applicable UK accounting standards.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for services provided and goods supplied as a principal, excluding VAT and trade discounts.

Goodwill

Goodwill arising from the acquisition of subsidiary undertakings is calculated as the difference between the price paid for the acquisition and the net book value of the assets acquired at the date of acquisition. Goodwill is amortised over its estimated useful economic life.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives.

Buildings	-	2% reducing balance
Plant	-	20% straight line
Vehicles	-	20% reducing balance
Furniture	-	20% straight line
Oil Tanks	-	10% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred tax

Provision is made without discounting at 30% for taxation deferred by the excess of capital allowances over depreciation and other timing differences as required by FRS 19: Deferred tax.

Pension costs

The company's pension costs are charged to the profit and loss account so as to spread the cost of pensions evenly over the estimated average service lives of the employees who are members of the company's defined benefit pension scheme. The company also operates a defined contribution scheme: the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

Accounting policies (continued)

Leasing

Assets held under finance leases are recorded at cost, with an equivalent liability shown within creditors due within or after one year as appropriate. Each asset is depreciated over the shorter of the lease period and the asset's useful economic life. The interest element represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Rental payments due under operating lease arrangements are charged to the profit and loss account in the period to which they relate. Operating lease receipts are credited to the profit and loss account on a straight line basis over the period of the lease.

2 Profit on ordinary activities before taxation

	2005 £000	2004 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration - audit	18	18
- other services	7	19
Depreciation - owned assets	625	553
- finance leases	296	293
(Profit)/loss on sale of fixed assets	(3)	21
Hire of plant and machinery and vehicles under operating leases	73	63
Operating lease rentals received	(234)	(43)

During 2004 the company sold its access platform hire division resulting in a profit on the sale of this operation of £200,000.

3 Remuneration of directors

Remuneration in respect of directors was as follows:-

	2005 £000	2004 £000
Emoluments (including benefits in kind)	492	450
Pension costs	46	24
	<u>538</u>	<u>474</u>

The emoluments, excluding pension contributions, of the highest paid director were £135,445 (2004: £122,877). The annual pension accruing to the highest paid director under a defined benefit pension scheme was £30,931 (2004: £25,060).

	Number of directors 2005	2004
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
Defined benefit schemes	3	3

Notes (continued)

4 Staff numbers and costs

The average number of employees of the company during the year and their aggregate emoluments are shown below:

	Number of employees	
	2005	2004
Directors and administrative staff	113	98
Distribution	91	95
	<u>204</u>	<u>193</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	4,019	3,711
Social security	384	360
Pension costs	93	56
	<u>4,496</u>	<u>4,127</u>

5 Interest receivable

	2005 £000	2004 £000
On bank balances	2	5
On loan to related party	7	-
	<u>9</u>	<u>5</u>

6 Interest payable

	2005 £000	2004 £000
On bank loan and overdraft	105	68
On finance leases	63	58
	<u>168</u>	<u>126</u>

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of charge in period

	2005	2004
£000	£000	£000
<i>UK corporation tax</i>		
Corporation tax on profit for the year	317	221
Adjustments in respect of prior periods	(18)	-
Total corporation tax charge	299	221
<i>Deferred tax</i>		
Charge for the year	48	46
Adjustment in respect of prior periods	8	11
Movement in deferred tax due to change in tax rate	-	23
Total deferred tax charge	56	80
Tax on profit on ordinary activities	355	301

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation in the UK (30%: 2004: 30%). The differences are explained below.

	2005	2004
£000	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,133	812
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	340	243
Expenses not deductible for tax purposes	6	15
Deferred tax charge for the year	(48)	(46)
Impact of marginal relief	(11)	(19)
Adjustments to tax charge in respect of previous periods	(18)	-
Ineligible depreciation and other items	30	28
Total corporation tax charge	299	221

Notes (continued)

8 Dividend on ordinary shares

	2005 £000	2004 £000
Proposed dividend of 137p per share (2004: 106p per share)	113	81

9 Tangible fixed assets

	Freehold properties £000	Plant £000	Vehicles £000	Furniture £000	Oil tanks £000	Total £000
<i>Cost</i>						
At beginning of year	1,383	569	6,112	198	810	9,072
Additions	25	112	1,298	21	91	1,547
Disposals	-	-	(479)	-	-	(479)
At end of year	1,408	681	6,931	219	901	10,140
<i>Depreciation</i>						
At beginning of year	200	271	3,329	122	259	4,181
Charge for the year	22	94	697	26	82	921
Disposals	-	-	(400)	-	-	(400)
At end of year	222	365	3,626	148	341	4,702
<i>Net book value</i>						
At 31 May 2005	1,186	316	3,305	71	560	5,438
At 31 May 2004	1,183	298	2,783	76	551	4,891

Vehicles include assets held under finance leases which had a net book value of £1,524,000 at 31 May 2005 (2004: £1,172,000).

Notes (continued)

10 Fixed asset investment

	2005 £000	2004 £000
Investment in subsidiary undertaking	3	3
Other loans	8	8
	<u>11</u>	<u>11</u>

The company owns 100% of the ordinary shares in all its subsidiary undertakings. None of the subsidiaries traded during the current or preceding year.

11 Stocks

	2005 £000	2004 £000
Finished goods and goods for resale	<u>1,765</u>	<u>1,622</u>

12 Debtors

	2005 £000	2004 £000
Trade debtors	13,841	9,159
VAT	612	469
Prepayments	193	112
	<u>14,646</u>	<u>9,740</u>

13 Creditors

	2005		2004	
	Due within one year £000	Due after one year £000	Due within one year £000	Due after one year £000
Bank overdraft	89	-	37	-
Bank loan (secured)	100	383	100	483
Trade creditors	14,257	-	11,503	-
Amounts owed to subsidiary undertaking	-	3	-	3
Corporation tax	317	-	224	-
Social security and other taxes	125	-	118	-
Accruals and deferred income	882	35	278	43
Obligations under finance leases	421	929	304	652
Dividend payable	113	-	81	-
	<u>16,304</u>	<u>1,350</u>	<u>12,645</u>	<u>1,181</u>

Notes (continued)

Creditors (continued)

The bank loan is payable as follows:

	2005 £000	2004 £000
Within one year	100	100
Between one and two years	100	100
Between two and five years	283	300
In five years or more	-	83
	<u>483</u>	<u>583</u>

The bank overdraft and term loan are secured by a standard security over properties owned by the company together with a bond and floating charge over the whole assets of the company. The interest rate on the term loan is 2% over the bank's base rate and is to be repaid in equal monthly instalments over 10 years.

A further floating charge, subordinate to that of the bank, is held by a major trade creditor. The aggregate balance due within one year at 31 May 2005 was £4,299,340 (2004: £3,318,999).

14 The maturity of obligations under finance leases is as follows:

	2005 £000	2004 £000
Within one year	421	304
In the second to fifth years	929	652
	<u>1,350</u>	<u>956</u>

15 Provisions for liabilities and charges

Deferred taxation

Deferred taxation fully provided in the financial statements at 30% (2004: 30%) is set out below:

	2005 £000	2004 £000
Accelerated capital allowances	275	219
Other timing differences	1	1
	<u>276</u>	<u>220</u>
Opening provision	220	140
Transfer from profit and loss account	56	80
	<u>276</u>	<u>220</u>

Notes (continued)

16 Share capital

	2005 £000	2004 £000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
85,494 (2004: 80,787) ordinary shares of £1 each	85	81

In May 2005 4,707 ordinary shares of £1 each were issued at £22 per share; a total consideration of £103,554.

17 Share premium account

	2005 £000	2004 £000
At start of year	44	30
Premium on issue of shares	99	14
At 31 May 2005	143	44

18 Own shares held

	2005 £000	2004 £000
At beginning of year	(37)	-
Shares acquired in year	(52)	(37)
At end of year	(89)	(37)

Dividends have been waived in respect of own shares held.

19 Reconciliation of movement in shareholders funds

	2005 £000	2004 £000
Profit for the financial year	778	511
Dividends	(113)	(81)
Issue of share capital	665	430
Own shares purchased by employee benefit trust	103	15
	(52)	(37)
Net increase in shareholders' funds	716	408
Opening shareholders' funds	3,830	3,422
Closing shareholders' funds	4,546	3,830

Notes (continued)

20 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £000	2004 £000
Operating profit	1,292	933
Depreciation charged	921	846
(Profit)/loss on sale of tangible fixed assets	(3)	21
Increase in stocks	(143)	(525)
Increase in debtors	(4,906)	(1,137)
Increase in creditors	3,351	2,111
Net cash inflow from operating activities	512	2,249

21 Reconciliation of net cash flow to movements in net (debt)/funds

	2005 £000	2004 £000
(Decrease)increase in cash	(1,048)	689
Finance lease rental payments	253	340
Term loan repayments	100	100
New finance leases	(695)	1,129
	(647)	(186)
Movement in net debt	(1,342)	943
Net funds/(debt) at the beginning of the year	36	(907)
Net (debt)/funds at the end of the year	(1,306)	36

22 Analysis of changes in net debt

	At 1 June 2004 £000	Cash flow £000	Other non cash movements £000	At 31 May 2005 £000
Cash at bank and in hand	1,612	(996)	-	616
Overdraft	(37)	(52)	-	(89)
Loans < 1 year	1,575	(1,048)	-	527
Loans > 1 year	(100)	100	(100)	(100)
Finance leases	(483)	-	100	(383)
	(956)	253	(647)	(1,350)
	36	(695)	(647)	(1,306)

Notes (continued)

23 Commitments

- (i) Capital commitments at 31 May 2005 for which no provision has been made were as follows:

	2005 £000	2004 £000
Contracted	524	240

- (ii) Operating leases

At the end of the year the company had commitments under non-cancellable operating leases as follows:

	2005 £000	2004 £000
Operating leases which expire:		
Within one year	33	-
In two to five years	34	63

24 Pension costs

Defined contribution scheme

The company operates a money purchase scheme. The assets of the scheme are held separately from those of the company, being invested with Scottish Mutual Assurance plc. The scheme commenced on 1 December 1996. The contributions of the company and employees are 2-4% and 2% of earnings for staff.

The pension charge for the year for this scheme was £51,000 (2004: £38,000.)

Accrued pension contributions at 31 May 2005 amounted to £10,098 (2004: £6,019).

Defined benefit scheme

The company also operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested with Scottish Mutual Assurance plc. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method modified by a 20 year control period. The most recent valuation was carried out with an effective date of 1 December 2002. The assumptions which have the most significance are those relating to the rate of return on investments. It was assumed that the investment returns would be 8% per annum and that salary increases would average 6% per annum and that pensions in excess of the guaranteed minimum pension (GMP) would increase at the rate of 5% per annum (or 3% for members who left prior to 1 December 1991).

The most recent actuarial valuation showed that the value of the scheme's assets was £1.4 million and that the actuarial value of those assets represented 155% of the benefits that had accrued to members. Only three directors remain in this scheme, with all other employees having transferred out into the money purchase scheme. Employer contribution recommenced on 1 December 2004 at 12%. The total charge for the year was £42,000 (2004: £18,800).

Notes (continued)

Pension scheme (continued)

Under the transitional requirements of FRS 17, the company is required to disclose further information on the assets and liabilities of the defined benefit scheme on an FRS 17 market value basis at the end of the accounting period. This information is set out below.

	2005	2004	2003
Rate of increase in salaries	3.8%	4.25%	3.5%
Discount rate applied to scheme liabilities	5.2%	5.75%	5.0%
Inflation assumption	2.8%	3.25%	2.5%
Revaluation rate for deferred pensioners	2.8%	3.25%	2.5%

The assumptions used by the actuary are the best estimates chosen by the actuary from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were:

	Long term expected rate of return at 31 May 2004	Value at 31 May 2005 £000	Long term expected rate of return at 31 May 2004	Value at 31 May 2004 £000	Long term expected rate of return at 31 May 2003	Value at 31 May 2003 £000
Insurance policies	5.0%	1,356	5.5%	1,367	6%	1,426
Total market value of assets		1,356		1,367		1,426
Present value of scheme liabilities		(2,171)		(1,750)		(1,465)
Deficit in the scheme		(815)		(383)		(43)
Related deferred tax asset		245		115		11
Net pension deficit		(570)		(268)		(32)

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the Scheme, which is recommended by the independent actuary based on the expected long term rate of return on the scheme's assets.

Notes (continued)

Pension scheme (continued)

Movement in deficit during the year

	2005 £000	2004 £000
(Deficit)/surplus in scheme at beginning of year	(383)	(43)
Current service cost	(90)	(84)
Other finance income	(27)	10
Actuarial loss	(357)	(285)
Contributions	42	19
	<u>(815)</u>	<u>(383)</u>

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	2005 £000	2004 £000
Current service cost	90	84

Analysis of amounts included in other finance income/costs

	2005 £000	2004 £000
Expected return on pension scheme assets	76	86
Interest on pension scheme liabilities	(103)	(76)
	<u>(27)</u>	<u>10</u>

Analysis of amount recognised in statement of total recognised gains and losses

	2005 Percentage of period end scheme assets/liabilities	2005 £000	2004 Percentage of period end scheme assets/liabilities	2004 £000	2003 Percentage of period end scheme assets/liabilities	2003 £000
Actual return less expected return on scheme assets	2.3%	(31)	12.0%	(164)	10.6%	(151)
Experience gains and losses arising on scheme liabilities	6.2%	(134)	3.8%	(66)	23.5%	244
Changes in assumptions underlying the present value of scheme liabilities	8.8%	(192)	3.1%	(55)	22.3%	(327)
		<u>(357)</u>		<u>(285)</u>		<u>(138)</u>

24 Related party transaction

During the financial year the Board of Directors approved the granting of a short term loan to A Brogan for property 'bridging' purposes. The loan totalling £200,000 was repaid in full together with interest calculated at 6% per annum amounting to £7,627.