

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004
FOR
STERLINGS DFC LIMITED
T/A R.V.S.**



Hayvenhursts Limited
Chartered Accountants &
Registered Auditor
Fairway House
Links Business Park
St Mellons, Cardiff
CF3 0LT

STERLINGS DFC LIMITED
T/A R.V.S.

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FOR THE YEAR ENDED 30 APRIL 2004

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STERLINGS DFC LIMITED
T/A R.V.S.

COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2004

| | |
|---------------------------|---|
| DIRECTORS: | Mrs D Page D C Page C K C Smith Mrs L M Williams V J W Instone D James |
| SECRETARY: | Mrs L M Williams |
| REGISTERED OFFICE: | Ynys Bridge Heol Yr Ynys Tongwynlais Cardiff CF15 7NT |
| REGISTERED NUMBER: | 380143 (England and Wales) |
| AUDITORS: | Hayvenhursts Limited Chartered Accountants & Registered Auditor Fairway House Links Business Park St Mellons, Cardiff CF3 0LT |
| SOLICITORS: | Darwin Gray 15 Windsor Place Cardiff CF10 3BY |

STERLINGS DFC LIMITED
T/A R.V.S.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2004

The directors present their report with the financial statements of the company for the year ended 30 April 2004.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of refrigerated vehicle maintenance and servicing, refrigeration and electrical servicing and engineering, and commercial vehicle servicing. The company trade under the name of R.V.S.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends were paid at various times during the year on the C - Z ordinary £1 shares of the company, at varying rates per class of share. The directors recommend that no final dividend be paid on these shares.

No interim dividends were paid on either the A ordinary £1 shares or B ordinary £1 shares. The directors recommend that no final dividend be paid on these classes of shares either.

The total distribution for the year ended 30 April 2004 will be £171,604.

DIRECTORS

The directors during the year under review were:

Mrs D Page
D C Page
C K C Smith
Mrs L M Williams
V J W Instone
D James

The beneficial interests of the directors holding office on 30 April 2004 in the issued share capital of the company were as follows:

| | 30.4.04 | 1.5.03 |
|---------------------------------|---------|--------|
| A Ordinary £1 shares | | |
| Mrs D Page | 2,040 | 2,040 |
| D C Page | 1,560 | 1,560 |
| C K C Smith | 400 | 400 |
| Mrs L M Williams | - | - |
| V J W Instone | - | - |
| D James | - | - |
| B ordinary £1 shares | | |
| Mrs D Page | 328 | 328 |
| D C Page | 761 | 761 |
| C K C Smith | - | - |
| Mrs L M Williams | - | - |
| V J W Instone | - | - |
| D James | - | - |
| C - Z Ordinary £1 shares | | |
| Mrs D Page | 1 | 1 |
| D C Page | 1 | 1 |
| C K C Smith | - | - |
| Mrs L M Williams | 2 | 2 |
| V J W Instone | 1 | 1 |
| D James | - | - |

STERLINGS DFC LIMITED
T/A R.V.S.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2004

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

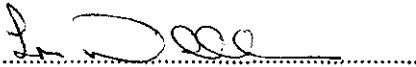
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS

The auditors, Hayvenhursts Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs L M Williams - Secretary

Date: 15/9/2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
STERLINGS DFC LIMITED**

We have audited the financial statements of Sterlings DFC Limited for the year ended 30 April 2004 on pages five to twenty one. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 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 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

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 Report of the Directors 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 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 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hayvenhursts Limited

Hayvenhursts Limited
Chartered Accountants &
Registered Auditor
Fairway House
Links Business Park
St Mellons, Cardiff
CF3 0LT

Date: *16th September 2004*

STERLINGS DFC LIMITED
T/A R.V.S.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2004

| | | 2004 | | 2003 | |
|--|-------|--------------|------------------|---------------|------------------|
| | Notes | £ | £ | £ | £ |
| TURNOVER | | | 5,137,959 | | 5,897,506 |
| Cost of sales | | | 3,983,904 | | 4,623,944 |
| GROSS PROFIT | | | 1,154,055 | | 1,273,562 |
| Administrative expenses | | | 889,163 | | 971,692 |
| | | | 264,892 | | 301,870 |
| Other operating income | | | 1,699 | | 7,000 |
| OPERATING PROFIT | 3 | | 266,591 | | 308,870 |
| Income from investments | | 8,840 | | 10,292 | |
| Interest receivable and similar income | | 393 | | 3,961 | |
| | | | 9,233 | | 14,253 |
| | | | 275,824 | | 323,123 |
| Interest payable and similar charges | 4 | | 93,355 | | 106,913 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 182,469 | | 216,210 |
| Tax on profit on ordinary activities | 5 | | 39,080 | | 41,221 |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 143,389 | | 174,989 |
| Dividends | 6 | | 171,604 | | 175,240 |
| | | | (28,215) | | (251) |
| Retained profit brought forward | | | 62,805 | | 63,056 |
| RETAINED PROFIT CARRIED FORWARD | | | £34,590 | | £62,805 |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

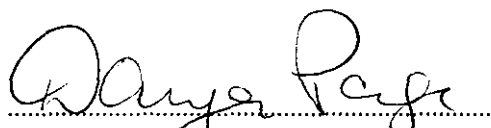
The notes form part of these financial statements

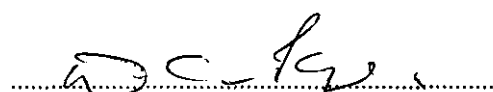
STERLINGS DFC LIMITED
T/A R.V.S.

BALANCE SHEET
30 APRIL 2004

| | | 2004 | | 2003 | |
|--|-------|------------------|------------------------|------------------|------------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 8 | | 1,290,769 | | 1,344,952 |
| Investments | 9 | | 100 | | 100 |
| | | | <u>1,290,869</u> | | <u>1,345,052</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | 10 | 242,091 | | 198,935 | |
| Debtors | 11 | 786,471 | | 1,206,431 | |
| Cash at bank and in hand | | 83,078 | | 3,269 | |
| | | <u>1,111,640</u> | | <u>1,408,635</u> | |
| CREDITORS: Amounts falling due within one year | 12 | <u>1,301,554</u> | | <u>2,147,444</u> | |
| NET CURRENT LIABILITIES: | | | <u>(189,914)</u> | | <u>(738,809)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u>1,100,955</u> | | <u>606,243</u> |
| CREDITORS: Amounts falling due after more than one year | 13 | | <u>737,201</u> | | <u>214,288</u> |
| | | | <u><u>£363,754</u></u> | | <u><u>£391,955</u></u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 17 | | 5,290 | | 5,276 |
| Revaluation reserve | 18 | | 323,874 | | 323,874 |
| Profit and loss account | | | 34,590 | | 62,805 |
| SHAREHOLDERS' FUNDS: | 23 | | <u><u>£363,754</u></u> | | <u><u>£391,955</u></u> |

ON BEHALF OF THE BOARD:


Mrs D Page - Director


D C Page - Director

Approved by the Board on 15/9/2004

The notes form part of these financial statements

STERLINGS DFC LIMITED
T/A R.V.S.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2004

| | | 2004 | | 2003 | |
|--|-------|------|-------------------|------|-------------------|
| | Notes | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 490,287 | | 366,248 |
| Returns on investments and servicing of finance | 2 | | (84,122) | | (92,660) |
| Taxation | | | (96,016) | | 54,896 |
| Capital expenditure | 2 | | (17,487) | | (75,508) |
| Equity dividends paid | | | (171,604) | | (175,240) |
| | | | <u>121,058</u> | | <u>77,736</u> |
| Financing | 2 | | (345,248) | | (145,712) |
| Decrease in cash in the period | | | <u>£(224,190)</u> | | <u>£(67,976)</u> |
| Reconciliation of net cash flow to movement in net debt | 3 | | | | |
| Decrease in cash in the period | | | (224,190) | | (67,976) |
| Cash outflow from decrease in debt and lease financing | | | <u>30,320</u> | | <u>24,819</u> |
| Change in net debt resulting from cash flows | | | <u>(193,870)</u> | | <u>(43,157)</u> |
| Movement in net debt in the period | | | (193,870) | | (43,157) |
| Net debt at 1 May | | | <u>(149,084)</u> | | <u>(105,927)</u> |
| Net debt at 30 April | | | <u>£(342,954)</u> | | <u>£(149,084)</u> |

The notes form part of these financial statements

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2004 £ | 2003 £ |
|--|-----------------------|-----------------------|
| Operating profit | 266,591 | 308,870 |
| Depreciation charges | 71,669 | 81,528 |
| (Increase)/Decrease in stocks | (43,156) | 46,720 |
| Decrease/(Increase) in debtors | 419,959 | (164,133) |
| (Decrease)/Increase in creditors | (224,776) | 93,263 |
| Net cash inflow from operating activities | <u>490,287</u> | <u>366,248</u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2004 £ | 2003 £ |
|---|-------------------------|-------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 393 | 3,961 |
| Interest paid | (88,347) | (97,382) |
| Interest element of hire purchase payments | (5,008) | (9,531) |
| Dividends received | 8,840 | 10,292 |
| Net cash outflow for returns on investments and servicing of finance | <u>(84,122)</u> | <u>(92,660)</u> |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (29,420) | (84,909) |
| Sale of tangible fixed assets | 11,933 | 9,401 |
| Net cash outflow for capital expenditure | <u>(17,487)</u> | <u>(75,508)</u> |
| Financing | | |
| New loan taken out in year | 117,810 | - |
| Loan repayments in year | (633,219) | (124,843) |
| Amount introduced by directors | 170,175 | - |
| Amount withdrawn by directors | - | (20,869) |
| Cash receipt re share issue | (14) | - |
| Net cash outflow from financing | <u>(345,248)</u> | <u>(145,712)</u> |

The notes form part of these financial statements

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2004

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.5.03 £ | Cash flow £ | At 30.4.04 £ |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Net cash: | | | |
| Cash at bank and in hand | 3,269 | 79,809 | 83,078 |
| Bank overdrafts | <u>(107,744)</u> | <u>(303,999)</u> | <u>(411,743)</u> |
| | <u>(104,475)</u> | <u>(224,190)</u> | <u>(328,665)</u> |
| Debt: | | | |
| Hire purchase | <u>(44,609)</u> | <u>30,320</u> | <u>(14,289)</u> |
| | <u>(44,609)</u> | <u>30,320</u> | <u>(14,289)</u> |
| Total | <u><u>(149,084)</u></u> | <u><u>(193,870)</u></u> | <u><u>(342,954)</u></u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 3,269 | | 83,078 |
| Bank overdrafts | <u>(107,744)</u> | | <u>(411,743)</u> |
| Hire purchase | | | |
| within one year | <u>(30,320)</u> | | <u>(11,849)</u> |
| after one year | <u>(14,289)</u> | | <u>(2,440)</u> |
| | <u><u>(149,084)</u></u> | | <u><u>(342,954)</u></u> |

The notes form part of these financial statements

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|--------------------------|---------------------------|
| Freehold property | - 2% on cost |
| Leasehold property | - 2% on cost |
| Improvements to property | - 2% on cost |
| Plant and machinery | - 10% on cost |
| Motor vehicles | - 25% on reducing balance |

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Consolidation

The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. STAFF COSTS

| | 2004 | 2003 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 144,348 | 140,195 |
| Social security costs | 678 | - |
| Other pension costs | 862 | 96,491 |
| | <u>145,888</u> | <u>236,686</u> |

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

| | 2004 | 2003 |
|--------------------------------|-------------|-----------|
| Directors | 6 | 6 |
| Administration | 9 | 9 |
| Engineers and related services | 2 | 2 |
| | <u>17</u> | <u>17</u> |

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2004 | 2003 |
|--|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 59,801 | 61,720 |
| Depreciation - assets on hire purchase contracts | 11,868 | 19,808 |
| Auditors' remuneration | 6,425 | 11,480 |
| Foreign exchange differences | (44) | 4,471 |
| | <u>57,729</u> | <u>61,743</u> |
| Directors' emoluments | 57,729 | 61,743 |
| Compensation to directors for loss of office | - | 7,827 |
| | <u>-</u> | <u>7,827</u> |

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2004 | 2003 |
|----------------------------|---------------|----------------|
| | £ | £ |
| Bank interest & charges | 33,800 | 33,057 |
| Other interest | 9,832 | - |
| Factoring charges | 43,759 | 59,854 |
| Currency exchange variance | (44) | 4,471 |
| Loan | 1,000 | - |
| Hire purchase | 5,008 | 9,531 |
| | <u>93,355</u> | <u>106,913</u> |

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

| | 2004 £ | 2003 £ |
|--------------------------------------|---------------|---------------|
| Current tax: | | |
| UK corporation tax | 40,033 | 41,221 |
| Overprovision in prior years | (953) | - |
| | <u>39,080</u> | <u>41,221</u> |
| Total current tax | | |
| | <u>39,080</u> | <u>41,221</u> |
| Tax on profit on ordinary activities | <u>39,080</u> | <u>41,221</u> |

UK corporation tax has been charged at 19% (2003 - 19%).

6. DIVIDENDS

| | 2004 £ | 2003 £ |
|-------------------------------------|----------------|----------------|
| Equity shares: | | |
| 1,277 B ordinary shares of £1 each | | |
| Interim - B-Z ordinary shares | - | 175,240 |
| 13 C - Z Ordinary shares of £1 each | | |
| Interim - C-Z ordinary shares | 171,604 | - |
| | <u>171,604</u> | <u>175,240</u> |

7. PENSION RIGHTS

All directors have rights accruing under a pension scheme operated by the company.

8. TANGIBLE FIXED ASSETS

| | Freehold property | Leasehold property | Improvements to property |
|---------------------------|----------------------|-----------------------|--------------------------------|
| | £ | £ | £ |
| COST OR VALUATION: | | | |
| At 1 May 2003 | 450,000 | 160,000 | 579,498 |
| At 30 April 2004 | 450,000 | 160,000 | 579,498 |
| DEPRECIATION: | | | |
| At 1 May 2003 | 16,381 | 8,367 | 65,383 |
| Charge for year | 6,000 | 3,160 | 11,520 |
| At 30 April 2004 | 22,381 | 11,527 | 76,903 |
| NET BOOK VALUE: | | | |
| At 30 April 2004 | <u>427,619</u> | <u>148,473</u> | <u>502,595</u> ✓ |
| At 30 April 2003 | <u>433,619</u> | <u>151,633</u> | <u>514,115</u> ✓ |

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

8. TANGIBLE FIXED ASSETS - continued

| | Plant and machinery | Motor vehicles | Totals |
|---------------------------|--------------------------------|---------------------------|------------------|
| | £ | £ | £ |
| COST OR VALUATION: | | | |
| At 1 May 2003 | 419,973 | 129,479 | 1,738,950 |
| Additions | 25,445 | 3,975 | 29,420 |
| Disposals | - | (33,325) | (33,325) |
| | <u>445,418</u> | <u>100,129</u> | <u>1,735,045</u> |
| At 30 April 2004 | | | |
| DEPRECIATION: | | | |
| At 1 May 2003 | 218,743 | 85,125 | 393,999 |
| Charge for year | 42,880 | 8,109 | 71,669 |
| Eliminated on disposals | - | (21,392) | (21,392) |
| | <u>261,623</u> | <u>71,842</u> | <u>444,276</u> |
| At 30 April 2004 | | | |
| NET BOOK VALUE: | | | |
| At 30 April 2004 | <u>183,795</u> | <u>28,287</u> | <u>1,290,769</u> |
| At 30 April 2003 | <u>201,231</u> | <u>44,354</u> | <u>1,344,952</u> |

Included in land and buildings is freehold land valued at £150,000 (2003 - £150,000) which is not depreciated.

Cost or valuation at 30 April 2004 is represented by:

If the land and buildings had not been revalued they would have been included at the following historical cost:

| | 2004 £ | 2003 £ |
|--|-------------------|-------------------|
| Cost | <u>143,721</u> | <u>143,721</u> |
| Aggregate depreciation | <u>14,247</u> | <u>11,373</u> |
| Value of land in freehold land and buildings | <u>108,063</u> | <u>108,063</u> |

Freehold land and buildings were valued on an open market basis on 30 November 2001 by Burnett Davies Consultant Surveyors.

The inclusion of the above valuation does not amount to an adopting of FRS 15 in respect of a policy to revalue in the future.

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Plant and machinery | Motor vehicles | Totals |
|--------------------------|------------------------|-------------------|----------------|
| | £ | £ | £ |
| COST: | | | |
| At 1 May 2003 | 116,527 | 24,741 | 141,268 |
| Transferred to ownership | (10,780) | (18,373) | (29,153) |
| | <u>105,747</u> | <u>6,368</u> | <u>112,115</u> |
| At 30 April 2004 | | | |
| DEPRECIATION: | | | |
| At 1 May 2003 | 38,490 | 11,386 | 49,876 |
| Charge for year | 10,574 | 1,294 | 11,868 |
| Transferred to ownership | (2,246) | (10,192) | (12,438) |
| | <u>46,818</u> | <u>2,488</u> | <u>49,306</u> |
| At 30 April 2004 | | | |
| NET BOOK VALUE: | | | |
| At 30 April 2004 | <u>58,929</u> | <u>3,880</u> | <u>62,809</u> |
| At 30 April 2003 | <u>78,037</u> | <u>13,355</u> | <u>91,392</u> |

9. FIXED ASSET INVESTMENTS

| | £ |
|------------------------|------------|
| COST: | |
| At 1 May 2003 | |
| and 30 April 2004 | <u>100</u> |
| NET BOOK VALUE: | |
| At 30 April 2004 | <u>100</u> |
| At 30 April 2003 | <u>100</u> |
| | |
| | 2004 |
| | £ |
| Unlisted investments | <u>100</u> |
| | 2003 |
| | £ |
| | <u>100</u> |

STERLINGS DFC LIMITED
T/A R.V.S.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2004

9. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Sterling Properties (Cardiff) Ltd

Nature of business: dormant

| | |
|------------------|-------------------|
| Class of shares: | % |
| A ordinary | holding 100.00 |

| | 2004 | 2003 |
|--------------------------------|------------|------------|
| | £ | £ |
| Aggregate capital and reserves | 100 | 100 |
| | <u>100</u> | <u>100</u> |

10. STOCKS

| | 2004 | 2003 |
|------------------|----------------|----------------|
| | £ | £ |
| Stock | 152,775 | 121,447 |
| Work in progress | 89,316 | 77,488 |
| | <u>242,091</u> | <u>198,935</u> |

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2004 | 2003 |
|----------------------------|----------------|------------------|
| | £ | £ |
| Trade debtors | 655,477 | 1,060,409 |
| Other debtors | 3,143 | 7,467 |
| Prepayments | 124,796 | 133,346 |
| Due from related companies | 2,699 | 4,299 |
| Directors loan account | 356 | 910 |
| | <u>786,471</u> | <u>1,206,431</u> |

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**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2004 £ | 2003 £ |
|--|------------------|------------------|
| Bank loans and overdrafts (see note 14) | 411,743 | 337,941 |
| Other loans (see note 14) | - | 400,057 |
| Hire purchase contracts (see note 15) | 11,849 | 30,320 |
| Trade creditors | 661,710 | 1,119,380 |
| Directors current accounts | 51,393 | 43,587 |
| Other creditors | 32,396 | 44,132 |
| Social security & other taxes | 40,163 | 34,612 |
| Amounts owed to related businesses | 11,111 | 7,076 |
| Taxation | 39,718 | 72,654 |
| Accrued expenses | 41,471 | 57,685 |
| | <u>1,301,554</u> | <u>2,147,444</u> |

The directors current accounts are interest free and repayable on demand.

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

| | 2004 £ | 2003 £ |
|--|----------------|----------------|
| Bank loans (see note 14) | 307,504 | - |
| Other loans | 88,889 | - |
| Directors Current Account | 302,368 | 139,999 |
| Hire purchase contracts (see note 15) | 2,440 | 14,289 |
| Other creditors | 36,000 | 60,000 |
| | <u>737,201</u> | <u>214,288</u> |

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14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | 2004 £ | 2003 £ |
|---|----------------|----------------|
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 411,743 | 107,744 |
| Bank loans | - | 230,197 |
| Other loans | - | 400,057 |
| | <u>411,743</u> | <u>737,998</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | <u>307,504</u> | <u>-</u> |

Barclays Bank Plc hold a First Mortgage over the properties known as Land on North side of North Road, Bridgend Industrial Estate, and Heol yr Ynys, Tongwynlais. They also hold a Fixed Charge over book debts and a Floating Charge over all other assets.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | 2004 £ | 2003 £ |
|------------------------------|---------------|-------------------------------|
| | | Hire purchase contracts |
| Gross obligations repayable: | | |
| Within one year | 13,951 | 34,161 |
| Between one and five years | 2,758 | 15,461 |
| | <u>16,709</u> | <u>49,622</u> |
| Finance charges repayable: | | |
| Within one year | 2,102 | 3,841 |
| Between one and five years | 318 | 1,172 |
| | <u>2,420</u> | <u>5,013</u> |
| Net obligations repayable: | | |
| Within one year | 11,849 | 30,320 |
| Between one and five years | 2,440 | 14,289 |
| | <u>14,289</u> | <u>44,609</u> |

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15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

| | Operating leases | |
|----------------------------|-------------------------|---------------|
| | 2004 | 2003 |
| | £ | £ |
| Expiring: | | |
| Within one year | 5,670 | 12,142 |
| Between one and five years | 32,854 | 16,772 |
| | <u>38,524</u> | <u>28,914</u> |

16. SECURED DEBTS

The following secured debts are included within creditors:

| | 2004 | 2003 |
|-------------------------|-----------------------|----------------|
| | £ | £ |
| Bank overdrafts | 411,743 | 107,744 |
| Bank loans | 307,504 | 230,197 |
| Hire purchase contracts | 14,289 | 44,609 |
| | <u>733,536</u> | <u>382,550</u> |

17. CALLED UP SHARE CAPITAL

| Authorised: | | | 2004 | 2003 |
|-------------|----------------|----------------|-----------------------|----------------|
| Number: | Class: | Nominal value: | £ | £ |
| 200,000 | A Ordinary | £1 | 200,000 | 200,000 |
| 200,000 | B ordinary | £1 | 200,000 | 200,000 |
| 2,400 | C - Z Ordinary | £1 | 2,400 | 2,400 |
| | | | <u>402,400</u> | <u>402,400</u> |

| Allotted, issued and fully paid: | | | 2004 | 2003 |
|----------------------------------|----------------|----------------|---------------------|--------------|
| Number: | Class: | Nominal value: | £ | £ |
| 4,000 | A Ordinary | £1 | 4,000 | 4,000 |
| 1,277 | B ordinary | £1 | 1,277 | 1,271 |
| (2003 - 1,271) | | | | |
| 13 | C - Z Ordinary | £1 | 13 | 5 |
| (2003 - 5) | | | | |
| | | | <u>5,290</u> | <u>5,276</u> |

The following shares were allotted and fully paid for cash at par during the year:

6 B ordinary shares of £1 each
8 C - Z Ordinary shares of £1 each

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17. CALLED UP SHARE CAPITAL - continued

The ordinary B and C-Z shares of £1 each were issued during the period to enable the holders to participate in the profits of the company. These shares carry no voting rights, no rights in winding up and an entitlement to receive variable dividends at the discretion of the company's directors.

18. REVALUATION RESERVE

| | 2004 | 2003 |
|-----------------|-----------------------|-----------------------|
| | £ | £ |
| Brought forward | <u>323,874</u> | <u>323,874</u> |

19. PENSION COMMITMENTS

The company operates a defined contribution scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary. The annual commitment under this scheme is for contributions of £96,491 (2002 - £84,220). There were no unpaid contributions at the balance sheet date.

20. CONTINGENT LIABILITIES

On 23 January 2004 the company entered into a cross guarantee and debenture with the bankers for the following companies:

RVS Commercial Refrigeration Limited - a related undertaking

RVS Transport Repairs Limited - a related company

RVS Transport Refrigeration Limited - a related company

RVS Transport Repair (Bridgend) Limited - a related company

21. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 30 April 2004:

| | £ |
|---|-----------------|
| Mrs D Page | |
| Balance outstanding at start of year | 456 |
| Balance outstanding at end of year | 456 |
| Maximum balance outstanding during year | <u>-</u> |

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21. TRANSACTIONS WITH DIRECTORS - continued

The above amount has been repaid since the year end.

The directors are also directors of related companies as follows:

RVS Management Services Limited:

Mrs D Page
D C Page
C K C Smith

RVS Transport Repairs Limited

Mrs L M Williams
D James

RVS Transport Refrigeration Limited

C K C Smith
V J W Instone

RVS Transport Repair (Bridgend) Limited

Mrs L M Williams

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22. RELATED PARTY DISCLOSURES

As at 30 April 2004, there was an amount of £nil (2003 - £7,076) due to RVS Management Services Limited.

During the year the company purchased goods and services from its related companies amounting to £3,111,807 (2003 - £3,586,198). Included in the amount of Trade Creditors as at 30 April 2004 are the following amounts owed by the company to related parties:

| | 2004 | 2003 |
|---|---------|---------|
| | £ | £ |
| RVS Transport Repairs Limited | 106,869 | 183,875 |
| RVS Transport Refrigeration Limited | 158,226 | 285,031 |
| RVS Transport Repair (Bridgend) Limited | 87,416 | 182,121 |
| RVS Commercial Refrigeration Limited | 25,537 | - |

During the year the company sold goods and services to its related companies amounted to £1,706,506 (2003 - £2,414,371). Included in the amount of Trade Debtors as at 30 April 2003 are the following amounts owed to the company from related parties:

| | 2004 | 2003 |
|---|--------|---------|
| | £ | £ |
| RVS Transport Repairs Limited | 39,721 | 49,861 |
| RVS Transport Refrigeration Limited | 84,634 | 158,760 |
| RVS Transport Repair (Bridgend) Limited | 24,245 | 43,299 |
| RVS Commercial Refrigeration Limited | 7,316 | - |

In addition, loans have been provided by the company amounting to £272,571 to the related companies as at 30 April 2004 the following amounts remained due to the company:

| | 2004 | 2003 |
|---|-------|-------|
| | £ | £ |
| RVS Transport Repairs Limited | 562 | 1,265 |
| RVS Transport Refrigeration Limited | 1,000 | 1,705 |
| RVS Transport Repair (Bridgend) Limited | 705 | 1,329 |
| RVS Commercial Refrigeration Limited | 431 | - |

During the year RVS Commercial Refrigeration Limited advanced funds to the company and at 30 April 2004 an amount of £100,750 was due that company.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2004 | 2003 |
|---|-----------------|----------------|
| | £ | £ |
| Profit for the financial year | 143,389 | 174,989 |
| Dividends | (171,604) | (175,240) |
| | (28,215) | (251) |
| issue of ordinary 'B- Z' shares | 14 | - |
| Surplus on revaluation | - | - |
| Net reduction of shareholders' funds | (28,201) | (251) |
| Opening shareholders' funds | 391,955 | 392,206 |
| Closing shareholders' funds | 363,754 | 391,955 |
| Equity interests | 363,754 | 391,955 |