

**DIRECTORS' REPORT AND ACCOUNTS**

**VECTOR MERCHANTING LIMITED**

(Registered Number 656739)

**31 December 1998**



## **VECTOR MERCHANTING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

The Directors present their annual report together with the audited accounts for the year ended 31 December 1998.

#### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity is that of a holding company. The Company's principal subsidiary undertakings are shown in note 3 to the accounts.

The company disposed of its investment in IQ Tools Limited during the year.

Subsequent to the year end the Company's principal subsidiary undertakings were disposed of at amounts in excess of their carrying value.

#### **RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £39,000 (1997: £Nil). The directors do not propose the payment of a dividend (1997: £Nil). Accordingly, the retained loss for the year of £39,000 (1997: £Nil) is transferred from reserves.

#### **DIRECTORS AND DIRECTORS' INTERESTS**

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

A Fischer  
I Fisher  
A Fletcher  
SA Smith

All Directors are also directors of the ultimate parent undertaking, Vector Industries Limited, and their interests in the share capital of that company are shown in the accounts of Vector Industries Limited.

## **VECTOR MERCHANTING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Companies Act 1985 requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to do so.

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 accounts 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**

In accordance with Section 385 of the Companies Act 1985, the Company has passed on elective resolution to dispense with the obligation to appoint auditors annually.

By Order of the Board



SA Smith  
DIRECTOR

16 March 1999

Registered Office:

2B Sidings Court  
Doncaster  
DN4 5NU

**AUDITORS' REPORT TO THE MEMBERS OF  
VECTOR MERCHANTING LIMITED**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 is not disclosed.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants  
and Registered Auditors

16 March 1999

## VECTOR MERCHANTING LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Notes</u>	£'000	<u>1997</u> £'000
Administrative expenses		<u>(40)</u>	<u>-</u>
<b>OPERATING LOSS</b>		(40)	-
Profit on disposal of subsidiaries	2	<u>1</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(39)	-
Taxation on loss on ordinary activities		<u>-</u>	<u>-</u>
<b>RETAINED LOSS FOR THE YEAR</b>	7	<u>(39)</u>	<u>-</u>

The Company has no recognised gains or losses other than those shown in the profit and loss account.

# VECTOR MERCHANTING LIMITED

## BALANCE SHEET - 31 DECEMBER 1998

	<u>Notes</u>	£'000	<u>1997</u> £'000
<b>FIXED ASSETS</b>			
Investments	3	<u>50,058</u>	<u>50,158</u>
<b>CURRENT ASSETS</b>			
Debtors	4	5,353	5,252
<b>CREDITORS (amounts falling due within one year)</b>	5	<u>(40)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>5,313</u>	<u>5,252</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>55,371</u>	<u>55,410</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	6,800	6,800
Profit and loss account	7	<u>48,571</u>	<u>48,610</u>
<b>SHAREHOLDERS' FUNDS</b>	8	<u>55,371</u>	<u>55,410</u>



SA Smith  
DIRECTOR

APPROVED BY THE BOARD  
ON 16 MARCH 1999

# VECTOR MERCHANTING LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

### 1 PRINCIPAL ACCOUNTING POLICIES

#### (1) Basis of accounting

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

#### (2) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions where in the opinion of the Directors there has been a permanent diminution in value.

### 2 PROFIT ON DISPOSAL OF SUBSIDIARIES

During the year the company sold its investment in IQ Tools Limited for a profit of £1,000.

### 3 INVESTMENTS

	<u>Investment in subsidiaries</u> £'000
Cost at 1 January 1998	50,158
Disposals	<u>(100)</u>
At 31 December 1998	<u>50,058</u>

Details of the principal subsidiary undertakings in which the Company holds an indirect investment are as follows:

<u>Name</u>	<u>Country of registration</u>	<u>Activity</u>	<u>Type of shares held</u>	<u>Proportion of voting rights %</u>
Parker Merchanting Limited	England & Wales	Distribution	Ordinary	100
Stedall (Vehicle Fittings) Limited	England & Wales	Distribution	Ordinary	100

In the opinion of the Directors, the aggregate value of the Company's investment in its subsidiary undertakings is not less than the aggregate amount at which they are stated in the balance sheet.

The Company is a wholly owned subsidiary of Vector Engineering & Aviation Limited, a company registered in England and Wales, and thus under Section 228 of the Companies Act 1985, is exempt from producing group accounts.

Subsequent to the year end the subsidiaries were disposed of at a value in excess of carrying value.

# VECTOR MERCHANTING LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

### 4 DEBTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Amounts owed by group undertakings	<u>5,353</u>	<u>5,252</u>

### 5 CREDITORS (amounts falling due within one year)

	<u>1998</u> £'000	<u>1997</u> £'000
Other creditors and accruals	<u>40</u>	<u>-</u>

### 6 CALLED UP SHARE CAPITAL

	<u>1998</u> £'000	<u>1997</u> £'000
Authorised: 6,800,000 ordinary shares of £1 each	<u>6,800</u>	<u>6,800</u>
Allotted, called up and fully paid: 6,800,000 ordinary shares of £1 each	<u>6,800</u>	<u>6,800</u>

### 7 PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 1998	48,610
Retained loss for the year	<u>(39)</u>
At 31 December 1998	<u>48,571</u>

### 8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u> £'000	<u>1997</u> £'000
Loss on ordinary activities after taxation	<u>(39)</u>	<u>-</u>
Net decrease in shareholders' funds	(39)	-
Opening shareholders' funds	<u>55,410</u>	<u>55,410</u>
Closing shareholders' funds	<u>55,371</u>	<u>55,410</u>

## **VECTOR MERCHANTING LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)**

#### **9 CONTINGENT LAIBILITIES**

The Company has entered into an unlimited cross guarantee arrangement in respect of the borrowings of all companies in the Vector Industries Limited group. At 31 December 1998 the net borrowings of the group amounted to approximately £9 million (1997: £77 million)

The bank holds a debenture in respect of the Company incorporating a fixed and floating charge over all assets.

#### **10 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

The ultimate parent undertaking and controlling party is Vector Industries Limited, a company registered in England. The Vector Industries group is both the smallest and the largest group into which the Company's accounts are consolidated. Copies of the group accounts for the ultimate parent undertaking may be obtained from the following address:

The Secretary  
Vector Industries Limited  
2B Sidings Court  
Doncaster  
South Yorkshire  
DN4 5NU

Transactions with other companies within the group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard Number 8 "Related Party Disclosures", as the consolidated accounts of Vector Industries Limited in which the Company is included are available at the address noted above.