

HESTAIR SPECIALIST VEHICLES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended
31 JANUARY 1988

970239

HESTAIR SPECIALIST VEHICLES LIMITEDREPORT OF THE DIRECTORS
for the year ended 31 JANUARY 1988

The directors submit their report and financial statements for the year ended 31 January 1988.

RESULTS AND DIVIDENDS

The profit for the year, after taxation and extraordinary items, transferred to reserves, amounted to £1,635,131 (1987 - £2,653,025) The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activity of the company continues to be the manufacture of specialist vehicles through its factory sites at Guildford and Warwick.

RESEARCH AND DEVELOPMENT

The company is continually developing all of its major product lines, namely fire appliances, refuse vehicles and buses.

FIXED ASSETS

The movements in fixed assets are set out in note 7 on page 10 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year were:

D. Hargreaves	J.W. Callow
R. Raworth	P. Grove
G.H. Hollyhead	J.M. Stoke
S.L. Burton	P.B. Geary
D.C. Plumley	B.E. Mealing
N. Ward	G. Davison
R.A. Bryson	

B.E. Mealing and R.A. Bryson were appointed on 1 February 1987 and 1 June 1987, respectively. D.C. Plumley resigned on 31 January 1988.

D. Hargreaves, R. Raworth and G.H. Hollyhead are directors of Hestair plc, the ultimate holding company, and their interests are disclosed in that company's accounts.

HESTAIR SPECIALIST VEHICLES LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 JANUARY 1988
(continued)

DIRECTORS AND THEIR INTERESTS (continued)

The beneficial and only interests of the remaining directors and their families in the shares and debentures of any company in the Hestair group requiring disclosure in these accounts were:

	Number of ordinary shares in Hestair plc		Options on ordinary shares in Hestair plc	
	31 January 1988	31 January 1987	31 January 1988	31 January 1987
S.L. Burton	23,100	-	66,900	50,000
R.A. Bryson	-	-	-	-
N. Ford	-	-	24,858	14,897
G. Davidson	-	-	23,000	13,000
J.W. Gallow	-	-	26,445	13,000
P. Grove	-	-	23,000	13,000
J.M. Stoke	17,250	-	72,645	50,000
P.B. Geary	7,200	-	23,947	17,625
B.E. Mealing	28,683	333	5,250	36,750

No director had any interest during the year in any contract with the company or other group companies other than a contract of service.

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately performed by a handicapped or disabled person.

With regard to existing disabled employees and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and provides training and career development and promotions wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued and employees have also been encouraged to present their suggestions and views on the company's performance.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable contributions were made during the year.

HESTAIR SPECIALIST VEHICLES LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 JANUARY 1988
(continued)

AUDITORS

A resolution to reappoint Binder Hamlyn as auditors will be put to the members at the annual general meeting on 21 June 1988.

By Order of the Board,


Director.

25 May 1988.

REPORT OF THE AUDITORS TO THE MEMBERS OF
HESTAIR SPECIALIST VEHICLES LIMITED

We have audited the financial statements on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion, the financial statements, which have been prepared on the basis of the accounting policies set out on page 8, give a true and fair view of the state of the company's affairs at 31 January 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Binder Hamlyn

25 May 1988.

Chartered Accountants.

HESTAIR SPECIALIST VEHICLES LIMITED

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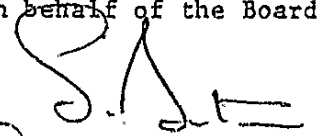
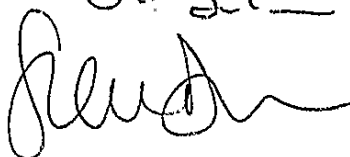
PROFIT AND LOSS ACCOUNT
for the year ended 31 JANUARY 1988

	<u>Notes</u>	<u>1988</u> £	<u>1987</u> £
TURNOVER			
Cost of sales	2	45,115,283 (30,646,657)	40,914,314 (28,513,622)
GROSS PROFIT		14,468,626	12,400,692
Distribution costs		(2,601,102)	(2,327,679)
Administrative expenses		(7,445,423)	(6,786,043)
Interest payable and similar charges	3	(107,456)	(61,164)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,314,645	3,225,806
Taxation on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation		4,314,645	3,225,806
Inter-group dividends paid		(1,000,000)	-
Extraordinary items	5	(1,679,514)	(572,781)
PROFIT FOR THE FINANCIAL YEAR	13	£1,635,131	£2,653,025

HESTAIR SPECIALIST VEHICLES LIMITEDBALANCE SHEET at 31 JANUARY 1988

	<u>Notes</u>	<u>1988</u>		<u>1987</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7	4,507,490		4,521,065	
Investments	8	<u>2</u>		<u>167</u>	
			4,507,492		4,521,232
CURRENT ASSETS					
Stocks	9	11,689,399		10,108,975	
Debtors	10	14,346,224		10,534,007	
Cash at bank and in hand		<u>2,950,779</u>		<u>5,447,728</u>	
		28,986,402		26,090,710	
CREDITORS (amounts falling due within one year)	11	<u>(31,361,249)</u>		<u>(30,114,428)</u>	
NET CURRENT LIABILITIES			<u>(2,374,847)</u>		<u>(4,023,718)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>£2,132,645</u>		<u>£497,514</u>
CAPITAL AND RESERVES					
Called up share capital	12		200		200
Share premium account	13		1,199,900		1,199,900
Revaluation reserve	13		12,809		12,809
Profit and loss account	13		<u>919,736</u>		<u>(715,395)</u>
			<u>£2,132,645</u>		<u>£497,514</u>

Signed on behalf of the Board on 25 May 1988.

 } Directors


HESTAIR SPECIALIST VEHICLES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 JANUARY 1988

	£	<u>1988</u>	£	£	<u>1987</u>	£
SOURCE OF FUNDS						
Profit on ordinary activities		4,314,645			3,225,806	
Extraordinary charges		<u>(1,679,514)</u>			<u>(572,781)</u>	
		2,635,131			2,653,025	
Adjustments for items not including movement in funds						
Depreciation		443,933			421,626	
Profit on disposal of tangible fixed assets		<u>(27,119)</u>			<u>(24,083)</u>	
Investments		<u>165</u>			<u>-</u>	
Total generated from operations		3,052,110			3,050,568	
FUNDS FROM OTHER SOURCES						
Proceeds from disposal of tangible fixed assets		<u>227,903</u>			<u>65,402</u>	
		3,280,013			3,115,970	
APPLICATIONS						
Inter-group dividends paid		<u>(1,000,000)</u>			<u>-</u>	
Purchase of tangible fixed assets		<u>(631,142)</u>			<u>(505,439)</u>	
		£1,648,871			£2,610,531	
INCREASE/(DECREASE) IN WORKING CAPITAL						
Increase in stock	1,580,424			699,890		
Increase/(decrease) in debtors	3,812,217			(286,249)		
Increase in creditors	<u>(1,246,821)</u>			<u>(4,473,484)</u>		
		4,145,820			(4,059,843)	
MOVEMENT IN NET LIQUID FUNDS						
Decrease in overdraft	-			2,231,000		
(Decrease)/increase in cash at bank and in hand	<u>(2,496,949)</u>			<u>4,439,374</u>		
		<u>(2,496,949)</u>			<u>6,670,374</u>	
		£1,648,871			£2,610,531	

HESTAIR SPECIALIST VEHICLES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention, with certain properties at valuation.

(b) Tangible fixed assets and depreciation

Depreciation is calculated to write-off the cost or valuation of assets, except freehold land, over their anticipated useful lives, in equal annual instalments:-

Plant and equipment	8 - 10 years
Fixtures and fittings	10 years
Vehicles	4 years
Computer	5 years

Freehold buildings are written off over their estimated economic lives, based on professional advice.

Short leaseholds are written-off over the unexpired portion of the lease.

(c) Stocks

Stocks and work in progress are valued at the lower of cost, arrived at on a first-in first-out basis, and net realisable value. Cost in this context includes all direct expenditure incurred in the normal course of business to bring items to their conditions and locations at the accounting date, together with a proportion of appropriate overhead expenditure attributable thereto. The basis of valuation is consistent with that of the previous year.

(d) Deferred taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future.

(e) Leasing and rental transactions

Rentals paid under leasing contracts are charged to income as incurred.

(f) Development expenditure

Development expenditure is capitalised and amortised over a maximum of the first three years' sales of major products whose technical feasibility and commercial viability are reasonably assured. Expenditure on pure research is written-off in the year during which it is incurred.

(g) Profit on sale of revalued assets

On the sale of a previously revalued asset, the profit or loss on disposal is calculated as the difference between the sale proceeds and the depreciated original cost. At the same time the attributable revaluation surplus is transferred from Revaluation Reserve to Profit and Loss Account.

HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 JANUARY 1988 (continued)

2. SEGMENT INFORMATION

Analysis of turnover by geographical market:

	<u>1988</u>	<u>1987</u>
	£	£
United Kingdom	35,137,070	27,861,742
Europe	1,564,818	1,158,718
Middle East	1,170,179	1,106,452
Africa	420,996	469,683
Far East and Australasia	6,213,600	10,117,003
The Americas	608,620	200,716
	<u>£45,115,283</u>	<u>£40,914,314</u>

3. INTEREST PAYABLE

	<u>1988</u>	<u>1987</u>
	£	£
Other loans wholly repayable within 5 years	32,532	30,282
Amounts payable to group companies	<u>74,924</u>	<u>30,882</u>
	<u>£107,456</u>	<u>£61,164</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1988</u>	<u>1987</u>
	£	£
After charging:		
Directors' emoluments (note 16)	299,230	236,660
Depreciation (note 7)	443,933	421,626
Hire of plant and machinery	147,814	168,189
Operating lease payments - land and buildings	268,266	209,575
Auditors' remuneration	<u>27,333</u>	<u>29,103</u>

5. EXTRAORDINARY ITEMS

	<u>1988</u>	<u>1987</u>
Reorganisation costs	<u>(£1,679,514)</u>	<u>(£572,781)</u>
No corporation tax relief arises.		

HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988
(continued)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

There is no taxation charge for the year due to the availability of losses brought forward. In the previous year the adjusted profit arising for tax purposes was covered by losses surrendered by other group companies, for which no payment was received.

No potential deferred taxation arises in either year since there are sufficient unrelieved losses carried forward to mitigate any potential deferred taxation.

7. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Short leasehold buildings</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£	£
Cost or valuation						
At 1 February						
1987	2,709,620	493,367	2,076,910	540,259	542,484	6,362,640
Additions	22,191	14,763	224,651	155,583	213,954	631,142
Disposals	-	(1,678)	(83,342)	(102,797)	(155,131)	(342,948)
Inter-group transfer	-	-	-	(15,097)	11,945	(3,152)
At 31 January 1988	<u>2,731,811</u>	<u>506,452</u>	<u>2,218,219</u>	<u>577,948</u>	<u>613,252</u>	<u>6,647,682</u>
At valuation in 1973	-	-	28,805	-	-	28,805
At cost	<u>2,731,811</u>	<u>506,452</u>	<u>2,189,414</u>	<u>577,948</u>	<u>613,252</u>	<u>6,618,877</u>
	<u>2,731,811</u>	<u>506,452</u>	<u>2,218,219</u>	<u>577,948</u>	<u>613,252</u>	<u>6,647,682</u>
Depreciation						
At 1 February						
1987	72,279	72,049	1,126,262	255,027	315,958	1,841,575
Provision for the year	52,921	39,912	177,057	62,312	111,731	443,933
Disposals	-	(258)	(23,491)	(6,109)	(121,417)	(151,275)
Inter-group transfer	-	-	-	(1,258)	7,217	5,959
At 31 January 1988	<u>125,200</u>	<u>111,703</u>	<u>1,279,828</u>	<u>309,972</u>	<u>313,489</u>	<u>2,140,192</u>
Net book value						
At 31 January 1988	<u>£2,606,611</u>	<u>£394,749</u>	<u>£938,391</u>	<u>£267,976</u>	<u>£299,763</u>	<u>£4,507,490</u>
At 31 January 1987	<u>£2,637,341</u>	<u>£421,318</u>	<u>£950,648</u>	<u>£285,232</u>	<u>£226,526</u>	<u>£4,521,065</u>

The net book value of freehold land and buildings includes land at cost of £617,000 (1987 - £617,000).

HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988
(continued)

7. TANGIBLE FIXED ASSETS (continued)

	<u>1988</u>	<u>1987</u>
	£	£
Capital commitments		.
Contracted for but not provided	14,307	16,011
Authorised but not contracted for	<u>33,128</u>	<u>100,654</u>
	<u>£47,435</u>	<u>£116,665</u>

8. FIXED ASSETS INVESTMENTS

	<u>Shares in group companies</u>
Cost	
At 1 February 1987	167
Subsidiaries liquidated	<u>165</u>
At 31 January 1988	<u>£2</u>

Group accounts have not been prepared for the company as it is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

In the opinion of the directors, the value of the company's interest in its subsidiary is not less than the amount at which it is stated in the balance sheet.

The subsidiary, wholly owned and incorporated in England, is Hestair Dennis Limited which did not trade.

9. STOCKS

	<u>1988</u>	<u>1987</u>
	£	£
Raw materials and consumables	6,171,140	5,707,166
Work in progress	3,850,442	2,376,803
Payments on account	(289,422)	(65,811)
Finished goods and goods for resale	<u>1,957,239</u>	<u>2,090,817</u>
	<u>£11,689,399</u>	<u>£10,108,975</u>

12. HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 JANUARY 1988 (continued)

10. DEBTORS

	<u>1988</u>	<u>1987</u>
	£	£
Trade debtors	9,259,305	4,094,449
Amounts owed by group companies	4,846,127	6,262,818
Other debtors	24,654	27,926
Prepayments and accrued income	<u>216,138</u>	<u>148,814</u>
	<u>£14,346,224</u>	<u>£10,534,007</u>

Trade debtors of £590,273 fall due after more than one year (1987 - £541,000).

11. CREDITORS (amounts falling due within one year)

	<u>1988</u>	<u>1987</u>
	£	£
Bills payable	1,097,842	-
Payments received on account	75,206	-
Trade creditors	10,950,413	9,933,025
Amounts owed to group companies	16,939,609	18,264,545
Other creditors	493,884	313,781
Other taxes and social security	1,322,321	1,180,500
Accruals and deferred income	<u>481,974</u>	<u>422,577</u>
	<u>£31,361,249</u>	<u>£30,114,428</u>

12. CALLED UP SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
	£200	£200
Authorised, allotted and fully paid: 200 ordinary shares of £1 each	<u>£200</u>	<u>£200</u>

13. RESERVES

	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
	£	£	£
At 1 February 1987	1,199,900	12,809	(715,395)
Retained profit for the year	<u>-</u>	<u>-</u>	<u>1,635,131</u>
At 31 January 1988	<u>£1,199,900</u>	<u>£12,809</u>	<u>£919,736</u>

HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988
(continued)

14. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

Contingent liabilities:

The company has given a guarantee in favour of Midland Bank PLC to secure a loan to the ultimate holding company and advances made from time to time to the company, the ultimate holding company and fellow subsidiaries.

The company has given, in the normal course of business, the following guarantees in respect of:

	<u>1988</u>	<u>1987</u>
	£	£
Forward exchange contracts	796,694	503,971
Acceptances and guarantees given by banks	50,000	50,000
Documentary credits	-	103,548
Performance bonds	224,570	263,711
Advance payment bonds	<u>79,705</u>	<u>13,346</u>
	<u>£1,150,969</u>	<u>£934,576</u>

Finance and operating leases:

Obligations under finance leases fall due for payment as follows:

	<u>1988</u>	<u>1987</u>
	£	£
Within one year	257,135	209,760
Between 2 and 5 years	665,133	386,745
Over 5 years	<u>-</u>	<u>33,009</u>
	922,268	629,514
Finance charges allocated to future years	<u>182,927</u>	<u>145,398</u>
	<u>£739,341</u>	<u>£484,116</u>

The payments under operating leases which are due to be made in the next financial year, analysed over the period, when the leases expire, are as follows:

	<u>1988</u>	<u>1987</u>
	£	£
Expiring in that year	1,415	9,139
Expiring in 2 to 5 years	45,033	21,996
Expiring after 5 years	<u>219,870</u>	<u>238,071</u>
	<u>£266,318</u>	<u>£269,208</u>

HESTAIR SPECIALIST VEHICLES LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988
(continued)

15. ULTIMATE HOLDING COMPANY

Hestair plc, incorporated in England, is regarded by the directors as being the company's ultimate holding company.

16. INFORMATION REGARDING DIRECTORS

Remuneration:	<u>1988</u>	<u>1987</u>
	£	£
Directors' emoluments amounted to:		
Remuneration as executives	299,230	236,660
Pensions, including past directors' pensions	<u>-</u>	<u>-</u>
Total charged in arriving at profit on ordinary activities	<u>£299,230</u>	<u>£236,660</u>

Directors' remuneration, excluding pension contributions, is as follows:

	<u>1988</u>	<u>1987</u>
	£	£
Chairman	-	-
Highest paid director	<u>52,498</u>	<u>46,988</u>

Other directors' remuneration is within the following bands:

	<u>Number</u>	<u>Number</u>
£0 - £5,000	2	2
£5,001 - £10,000	-	-
£10,001 - £15,000	1	1
£15,001 - £20,000	1	-
£20,001 - £25,000	-	5
£25,001 - £30,000	5	1
£30,001 - £35,000	1	1
£35,001 - £40,000	-	-
£40,001 - £45,000	-	-
£45,001 - £50,000	<u>1</u>	<u>-</u>

17. STATEMENT OF FINANCIAL POSITION

The following statement of financial position shows the company's assets and liabilities as at 31 May 1988.

	1988	1987
Fixed assets		
Intangible assets	112	114
Investments and other assets	104	111
Current assets	214	234
	212	414
	£	£
Fixed assets		
Intangible assets	7,552,547	6,709,692
Investments and other assets	593,876	613,293
	<u>8,146,423</u>	<u>7,322,985</u>
	<u>£8,246,423</u>	<u>£7,322,985</u>

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved at a directors' meeting held on 25 May 1988.

HESTAIR SPECIALIST VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 JANUARY 1988
(continued)

17. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the year was:

Category	<u>1988</u>	<u>1987</u>
Manufacturing	352	324
Distribution and selling	104	101
Administration	<u>259</u>	<u>254</u>
	715	679
	<u> </u>	<u> </u>
	£	£
Their total remuneration was:		
Wages and salaries	7,552,547	6,709,692
Social security costs	<u>693,876</u>	<u>613,293</u>
	<u>£8,246,423</u>	<u>£7,322,985</u>

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved at a directors' meeting held on 25 May 1988.

SCAN UPON DEMAND

**We apologise that due
to the poor quality of the fiche,
some of the images scanned
were also of poor quality**