

H. & M.E. FEARON LTD.

DIRECTORS REPORT.

The Directors submit their report and accounts for the year ended 31st March, 1987.

RESULTS & DIVIDENDS.

The trading loss for the year after taxation was £9,277. No payment of dividend is recommended.

REVIEW OF THE BUSINESS.

The principal activity of the company continues to be that of road haulage contractors and warehousing. Business is continuing satisfactorily in the current year.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of the land and buildings shown on the Balance Sheet is approximately £80,000.

DIRECTORS AND THEIR INTEREST.

The directors at 31st March, 1987 and their interest in the share capital of the company were as follows:-

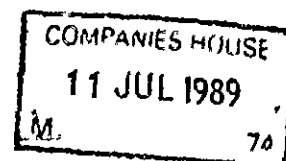
|             | <u>1987</u> | <u>1986</u> |
|-------------|-------------|-------------|
| H. Fearon   | 25,000      | 25,000      |
| M.E. Fearon | 25,000      | 25,000      |

AUDITORS

A resolution to continue the appointment as auditor of Mr. J.W. Gillcrist will be put to the members at the Annual General Meeting.

By Order of the Board.

.....M. E. Fearon Secretary.



REPORT OF THE AUDITOR.TO THE MEMBERS OF H. & M.E. FEARON LTD

I have audited the financial statements on pages 3 to 6 in accordance with approved auditing standards having regard to the matters referred to in the following paragraphs.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the directors, who are major shareholders in the company. Where independent confirmation of the completeness of the accounting records was therefore not available, I have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing in my opinion the financial statements which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at the 31st March, 1987 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.



J.W. Gillcrist.

Authorised Public Accountant.

H. & M.E. FEARON LTD.PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 1987.

|   |             | <u>1987</u> | <u>1986</u> |
|---|-------------|-------------|-------------|
|   | <u>Note</u> |             |             |
| TURNOVER  | (3)         | 67,502      | 140,230     |
| Staff Costs   | (4) 28,044  | 29,985      |             |
| Depreciation  | 4,278       | 67,575      |             |
| Other Operating Costs                                       | 44,162      | 76,484      | 48,820      |
|   |             |             | 146,380     |
|   |             |             | (6,150)     |
| <u>Operating Profit/(Loss)</u>                              | (5)         | (8,982)     |             |
| Bank Interest payable (295)                                 |             | ( 295)      | ( 98)       |
| <u>Profit/(Loss) on ordinary activities before taxation</u> |             | (9,277)     | (6,248)     |
| Tax on profit on ordinary activities (6)                    |             | -           | (16,815)    |
|   |             | (9,277)     | (23,063)    |
| Retained profits Bt/forward                                 |             | 88,424      | 111,487     |
| Retained profits carried forward                            |             | 79,147      | 88,424      |

The notes on pages 6, 6(a) and 6 (b) form part of these accounts.

BALANCE SHEET AS AT 31ST MARCH, 1987

|   |              | <u>1987</u>    | <u>1986</u>    |
|---|--------------|----------------|----------------|
|   | <u>Notes</u> |                |                |
| <u>TANGIBLE ASSETS</u>                                      | (8)          |                |                |
| Leasehold Land & Buildings                                  |              | 66,565         | 69,537         |
| Motor Vehicles  |              | 16,923         | 21,262         |
| Plant, Machinery etc.                                       |              | 11,424         | 22,391         |
|   |              | <hr/>          | <hr/>          |
|   |              | 94,912         | 113,190        |
| Investment  | (9)          | 225            | 225            |
|   |              | <hr/>          | <hr/>          |
|   |              | 95,137         | 113,415        |
| <u>Current Assets</u>                                       |              |                |                |
| Trade Debtors   | 9,624        | 24,020         |                |
| Prepayments   | 10,730       | 19,614         |                |
| Cash on Money Market  | 21,000       | 30,000         |                |
| Cash at Bank  | 8,105        | -              |                |
|   | <hr/>        | <hr/>          |                |
|   | 49,459       | 73,634         |                |
|   | <hr/>        | <hr/>          |                |
| <u>Creditors:-</u> amounts falling<br>due within one year:- |              |                |                |
| Bank Overdraft  | -            | 4,854          |                |
| Directors Loan  | (2,386)      | 433            |                |
| Trade Creditors   | 12,560       | 16,630         |                |
| Current Corporation Tax                                     | 3,094        | 19,908         |                |
| Other Taxes and Social<br>Security Costs                    | 1,831        | 6,338          |                |
| Accruals  | 350          | 462            |                |
|   | <hr/>        | <hr/>          |                |
|   | 15,449       | 48,625         |                |
|   | <hr/>        | <hr/>          |                |
| Net Current Assets  |              | 34,010         | 25,009         |
|   |              | <hr/>          | <hr/>          |
| <u>Total Assets less Current Liabilities</u>                |              | <u>129,147</u> | <u>138,424</u> |

cont'd.....

BALANCE SHEET AS AT 31ST MARCH, 1987CAPITAL AND RESERVES.

|                         |         |         |
|-------------------------|---------|---------|
| Called Up Share Capital | 50,000  | 50,000  |
| Profit and Loss Account | 79,147  | 88,424  |
|                         | <hr/>   | <hr/>   |
|                         | 129,147 | 138,424 |
|                         | <hr/>   | <hr/>   |

The notes on pages 6 6(a) and 6 (b) form part of these accounts.

Approved by the Directors.

..... H. Fearon ..... (H. Fearon )

..... M. E. Fearon ..... (M.E. Fearon)

Date 6-4-89 .....

H. & M.E. FEARON LTD.Statement of Source & Application of Funds during the year ended  
31st March, 1987.

|   | <u>1987</u> | <u>1986</u> |
|---|-------------|-------------|
| <u>SOURCE OF FUNDS</u>  |             |             |
| Loss on Ordinary Activities before taxation                     | (9,277)     | (6,248)     |
| Adjustment for items not involving movement of working capital: |             |             |
| Depreciation etc.   | 4,278       | 15,067      |
| Loss on Tangible Assets   | - 4,278     | 51,508      |
|   | <hr/>       | <hr/>       |
| Total Generated from Operations                                 | (4,999)     | 61,327      |
| Funds from other Sources:                                       |             |             |
| Proceeds of disposal of Tangible Fixed Assets                   | 18,000      | 6,326       |
|   | <hr/>       | <hr/>       |
|   | 13,001      | 67,653      |
| <u>APPLICATION OF FUNDS</u>                                     |             |             |
| Purchase of Tangible Fixed Assets                               | 4,000       | 16,363      |
| Tax Paid  | - 4,000     | 16,815      |
|   | <hr/>       | <hr/>       |
| Increase/(Decrease) in Working Capital                          | 9,001       | 34,474      |
|   | <hr/>       | <hr/>       |
| Components of Increase/Decrease in Working Capital:-            |             |             |
| Debtors   | (23,280)    | 3,722       |
| Creditors   | 28,322      | 8,570       |
| Movement in Net Liquid Funds - Bank                             | 3,959       | 22,182      |
|   | <hr/>       | <hr/>       |
|   | 9,001       | 34,474      |
|   | <hr/>       | <hr/>       |

H. & M.E. FEARON LTD.Notes to Accounts for the year ended 31st March, 1987.1. ACCOUNTING POLICIESAccounting Convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at the following rates, calculated to write off the cost, less residual value over their expected useful life:-

|                             |     |
|-----------------------------|-----|
| Leasehold Land and Property | 4%  |
| Motor Vehicles              | 25% |
| Plant, Machinery etc.,      | 25% |

Deferred Taxation

No provision is made for depreciation timing differences as in the opinion of the directors the depreciating timing difference is unlikely to affect the Company in the foreseeable future.

2. SHARE CAPITAL

|                                  | <u>Authorised</u> |             | <u>Issued &amp; Fully Paid</u> |             |
|----------------------------------|-------------------|-------------|--------------------------------|-------------|
|                                  | <u>1987</u>       | <u>1986</u> | <u>1987</u>                    | <u>1986</u> |
| Ordinary<br>Shares of £1<br>each | 50,000            | 50,000      | 50,000                         | 50,000      |

3. TURNOVER

Turnover represents the amount of services rendered stated net of value added tax and was made up as under:-

|                       | <u>1987</u> | <u>1986</u> |
|-----------------------|-------------|-------------|
| Haulage and Storage   | 61,601      | 82,276      |
| Leasing of Wagons     | -           | 54,694      |
| Money Market Interest | 5,901       | 3,212       |
| Bad Debt Recovered    | -           | 47          |

4 STAFF COSTS

|                       | <u>1987</u> | <u>1986</u> |
|-----------------------|-------------|-------------|
| Wages                 | 25,509      | 26,995      |
| Social Security Costs | 2,535       | 2,859       |

The average number of employees was:-

|          |   |   |
|----------|---|---|
| General  | 2 | 2 |
| Clerical | 1 | ; |

5 OPERATING COSTS

This is stated after charging:-

|                        |        |        |
|------------------------|--------|--------|
| Directors Remuneration | 15,109 | 17,372 |
| Auditors Remuneration  | 350    | 330    |

6 TAX ON ORDINARY ACTIVITIES

The charge for taxation consists of:-

|   |   |        |
|---|---|--------|
| U.K. Corporation Tax on Ordinary Activities | - | 16,185 |
|---|---|--------|

7 DIVIDENDS

No payment of a dividend is proposed.

8 TANGIBLE FIXED ASSETS

|                           | Leasehold Land<br>& Buildings | Motor<br>Vehicles | Plant<br>& Machinery | Total    |
|---------------------------|-------------------------------|-------------------|----------------------|----------|
| Cost @ 31.3.86            | 74,292                        | 51,667            | 42,628               | 168,597  |
| Additions                 |                               | 4,000             |                      | 4,000    |
| Sales                     |                               | (6,526)           | (13,679)             | (20,205) |
| Cost @31.3.87             | 74,292                        | 49,151            | 28,949               | 152,392  |
| Depreciation @31.3.86     | 4,755                         | 30,415            | 20,237               | 55,407   |
| Charge for year           | 2,972                         | 5,640             | 3,806                | 12,416   |
| Sales                     | -                             | (3,827)           | (6,518)              | (10,345) |
| As at 31.3.87             | 7,727                         | 32,228            | 17,525               | 57,480   |
| Net Book Value at 31.3.86 | 69,537                        | 21,262            | 22,391               | 113,190  |
| Net Book Value at 31.3.87 | 66,565                        | 16,923            | 11,424               | 94,912   |



9. INVESTMENT

6(b)

The Investment of £225. represents the cost of shares in Cumberland Transport Training Board.