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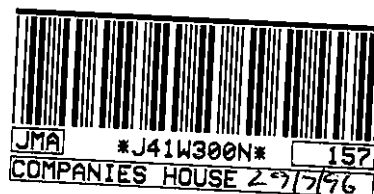
# Park Royal Haulage Limited

Report and Financial Statements

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◆ *Year ended 31 December 1995* ◆

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## **PARK ROYAL HAULAGE LIMITED**

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### **CONTENTS**

	<b>Page</b>
Company information	1
Report of the directors	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 17

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## **PARK ROYAL HAULAGE LIMITED**

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### **COMPANY INFORMATION**

Directors	C McManus D P McGrath (appointed 1 December 1995)
Secretary	M McManus
Registered office	Warth Buildings Warth Road Bury BL9 9NG
Registered number	1957453
Auditors	Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	National Westminster Bank PLC 36 The Rock Bury BL9 0NU

## **PARK ROYAL HAULAGE LIMITED**

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### **REPORT OF THE DIRECTOR**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

#### **Principal activities**

The company's principal activities are that of haulage and plant hire contractors and related quarry work.

#### **Business review and future developments**

The company has had another successful year and the directors are cautiously optimistic about the prospects for the current year.

#### **Results and dividend**

The profits for the year after tax amounted to £520,613. It is recommended that this amount be dealt with as follows:

	£
Transfer to reserves	488,613
Dividend (net of dividend waiver)	32,000
	<hr/>
	520,613
	<hr/>

#### **Fixed assets**

The movement in the tangible fixed assets account is set out in Note 8 to the financial statements.

#### **Employee Benefit Trust**

During the year the company established an employee benefit trust to promote the goodwill of its employees, both past and present, and their dependants. Sums of money totalling £500,050 have been paid to the trust during the year.

#### **Directors**

The present directors of the company who served during the year are set out on page 1.

D P McGrath, was appointed a director on 1 December 1995.

The directors' interests, including family interests, in the share capital of the company at 31 December is as follows:

	Ordinary shares of £1 each 1995	1994 or date of appointment
C McManus	880	880
D P McGrath	-	-

## **PARK ROYAL HAULAGE LIMITED**

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### **REPORT OF THE DIRECTOR** (Continued)

During the year the company has the following transactions with Park Royal Aggregates Limited, a company in which C McManus has a controlling interest:-

	£
Sales to	681,430
Purchases from	160,991

All of the above transactions were performed under normal trading terms and conditions.

#### **Auditors**

The auditors, Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.


#### **Statement of directors' responsibilities**

Company law requires the director 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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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

The report of the directors was approved by the Board on 23 July 1996 and signed on its behalf by:

  
Christopher McManus  
Director

## **PARK ROYAL HAULAGE LIMITED**

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### **AUDITORS' REPORT TO THE SHAREHOLDERS OF PARK ROYAL HAULAGE LIMITED**

We have audited the financial statements on pages 5 to 17 which have been prepared on the basis of the accounting policies set out on page 8 and 9.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **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 financial statements. It also includes an assessment of the significant estimates and judgments made by the director 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 affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Robson Rhodes*

Robson Rhodes  
Chartered Accountants and Registered Auditor

Manchester  
23 July 1996

**PARK ROYAL HAULAGE LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover: continuing operations	2	6,527,693	5,675,114
Cost of sales		(5,360,962)	(4,660,812)
		<hr/>	<hr/>
Gross profit		1,166,731	1,014,302
Distribution costs		(73,640)	(61,008)
Administrative expenses		(156,792)	(247,189)
		<hr/>	<hr/>
Operating profit: continuing operations	3	936,299	706,105
Interest receivable and similar income		8,894	2,208
Interest payable	4	(157,441)	(108,336)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		787,752	599,977
Taxation on ordinary activities	6	(267,139)	(233,125)
		<hr/>	<hr/>
Profit for the financial year		520,613	366,852
Dividends - equity	7	(32,000)	(24,500)
		<hr/>	<hr/>
Retained profit for the year	17	488,613	342,352
		<hr/>	<hr/>

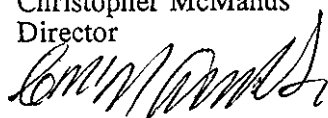
There were no recognised gains or losses other than those reported above.

**PARK ROYAL HAULAGE LIMITED****BALANCE SHEET**  
at 31 December 1995

	Note	1995 £	1994 £
<b>Fixed assets</b>			
Tangible assets	8	3,668,077	3,238,919
Investments	9	2	-
		<u>3,668,079</u>	<u>3,238,919</u>
<b>Current assets</b>			
Stocks	10	10,000	10,000
Debtors	11	822,870	773,501
Cash at bank and in hand		-	319,259
Cash at bank held by employee benefit trust	12	500,050	-
		<u>1,332,920</u>	<u>1,102,760</u>
<b>Creditors: Amounts falling due within one year</b>	13	(2,235,520)	(2,593,955)
<b>Net current liabilities</b>		<u>(902,600)</u>	<u>(1,491,195)</u>
<b>Total assets less current liabilities</b>		2,765,479	1,747,724
<b>Creditors: Amounts falling due after more than one year</b>	14	(889,648)	(603,506)
<b>Provision for liabilities and charges</b>	15	(523,000)	(280,000)
		<u>1,352,831</u>	<u>864,218</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000	1,000
Profit and loss account	17	1,351,831	863,218
		<u>1,352,831</u>	<u>864,218</u>

The financial statements were approved by the Board on 23 July 1996 and signed on its behalf by:

Christopher McManus  
Director





**PARK ROYAL HAULAGE LIMITED****CASH FLOW STATEMENT**

for the year ended 31 December 1995

	Note	1995 £	1994 £
Net cash inflow from operating activities	20	1,416,313	1,493,227
<b>Returns on investment and servicing of finance</b>			
Interest received		8,894	2,208
Interest paid		(2,673)	(11,546)
Interest element of hire purchase and finance lease payments		(154,768)	(96,790)
Dividend paid		(32,000)	(24,500)
Net cash outflow from servicing of finance		(180,547)	(130,628)
<b>Taxation paid</b>			
UK corporation tax		(58,264)	-
<b>Investing activities</b>			
Payments for tangible fixed assets		(652,580)	(355,333)
Receipts from sale of tangible fixed assets		476,549	282,999
Net cash outflow from investing activities		(176,031)	(72,334)
Net cash inflow before financing		1,001,471	1,290,265
<b>Financing</b>			
Capital element of hire purchase and finance lease payments	21	(1,124,417)	(773,068)
(Decrease)/increase in cash and cash equivalents	22	(122,946)	517,197

## **PARK ROYAL HAULAGE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 1995

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

##### **Basis of preparation**

The financial statements incorporate the financial statements of both the company and its employee benefit trust in accordance with Financial Reporting Standard 5, the substance of transactions.

##### **Turnover**

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the year.

##### **Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

Plant and machinery	14% to 20%
Fixtures and fittings	20%
Motor vehicles	20% and 25%
Assets acquired under finance lease	Shorter of expected life or life of lease

##### **Leased assets**

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

##### **Hire purchase**

Hire purchase interest is charged to the profit and loss account over the period of the agreement in proportion to the balance of capital repayments outstanding.

##### **Stocks**

Stocks and work in progress are valued at the lower of cost and estimated net realisable value to the business.

##### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

## **PARK ROYAL HAULAGE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1995**

#### **1. ACCOUNTING POLICIES (Continued)**

##### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge in the accounts represents contributions payable in the year.

#### **2. SEGMENTAL ANALYSIS**

The turnover and gross profit is wholly attributable to the company's main activities namely haulage and plant hire contracting and related quarry work and arises wholly within the United Kingdom.

#### **3. OPERATING PROFIT**

Operating profit is arrived at after charging (crediting):

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery	218,484	100,842
Auditors' remuneration	6,000	6,000
Depreciation of tangible fixed assets	707,905	480,968
Profit on disposal of fixed assets	(32,737)	(53,363)
	<hr/>	<hr/>

#### **4. INTEREST PAYABLE**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Interest on assets held under hire purchase	154,768	96,790
Interest on loans and overdrafts repayable wholly within one year	940	7,546
Interest on other loans	1,733	4,000
	<hr/>	<hr/>
	<b>157,441</b>	<b>108,336</b>
	<hr/>	<hr/>

# **PARK ROYAL HAULAGE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **31 December 1995**

### **5. EMPLOYEES**

Average weekly number of employees, including directors:

	1995 No	1994 No
Works	44	42
Sales and administration	7	6
	<u>51</u>	<u>48</u>

Employees costs for the year comprise:

	1995 £	1994 £
Wages and salaries	763,031	801,676
Social security costs	71,851	79,931
Pension	21,122	5,199
	<u>856,004</u>	<u>886,806</u>

Employee costs include emoluments in respect of the director as follows:

	1995 £	1994 £
Fees	-	-
Salary as executive	12,720	77,790
Pension contributions	1,414	1,300
	<u>14,134</u>	<u>79,090</u>

### **6. TAXATION**

	1995 £	1994 £
<b>Taxation charge for the year</b>		
Corporation tax at 33% payable (1994 : 33%)	45,000	85,125
Deferred taxation	226,000	106,600
Deferred tax due to increase in rate	-	41,400
Overprovision in earlier years	(3,861)	-
	<u>267,139</u>	<u>233,125</u>
Tax on profit on ordinary activities		

**PARK ROYAL HAULAGE LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

31 December 1995

**7. DIVIDEND**

	1995 £	1994 £
Interim dividend paid during the year of £266.67 (1994: £50) per share	32,000	24,500

The above dividends are net of dividend waivers.

**8. TANGIBLE FIXED ASSETS**

	Vehicles, plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 1995	4,246,777	91,901	30,943	4,369,621
Additions	1,539,825	81,050	-	1,620,875
Disposals	(579,298)	(58,200)	-	(637,498)
At 31 December 1995	5,207,304	114,751	30,943	5,352,998
<b>Depreciation</b>				
At 1 January 1995	1,058,329	45,688	26,685	1,130,702
Charged in year	667,079	37,048	3,778	707,905
Disposals	(137,807)	(15,879)	-	(153,686)
At 31 December 1995	1,587,601	66,857	30,463	1,684,921
<b>Net book value</b>				
At 31 December 1995	3,619,703	47,894	480	3,668,077
At 31 December 1994	3,188,448	46,213	4,258	3,238,919

The net book value of tangible fixed assets includes £2,702,366 in respect of assets held under hire purchase agreements (1994: £2,217,729)

Depreciation charged in the year on these assets amounted to £377,914 (1994: £289,744).

**9. INVESTMENTS**

During the year the company purchased two ordinary shares of £1 each in Pansky Limited.

## **PARK ROYAL HAULAGE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 1995**

#### **10. STOCKS**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Stock of consumable materials	10,000	10,000

The replacement cost of the above stocks would not be significantly different from the values stated.

#### **11. DEBTORS**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Trade debtors	816,505	706,159
Taxation recoverable	-	6,000
Other debtors	6,365	4,480
Prepayments and accrued income	-	444
VAT recoverable	-	56,418
	<b>822,870</b>	<b>773,501</b>

#### **12. CASH AT BANK HELD BY EMPLOYEE BENEFIT TRUST**

During the year the company paid a contribution of £500,050 to an Employee Benefit Trust ("EBT"). The EBT has been established to promote employee goodwill, all employees of the company are able to benefit from any discretionary payments made by the trustees. In accordance with the provisions of FRS 5, the substance of the transaction has been reflected in the financial statements. Therefore the assets and liabilities of the EBT have been incorporated into the company's financial statements. The effect of this has been to include in cash at bank and in hand the cash of £500,050 held on deposit by the EBT and to cancel the charge in the profit and loss account. A provision for deferred tax on the amount of the contribution has been made because the contribution has been treated as allowable for tax purposes when it was paid to the EBT. The cash held by the EBT is held in trust by the trustees.

**PARK ROYAL HAULAGE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 1995**

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

	1995 £	1994 £
Bank loans and overdrafts (secured)	303,737	-
Hire purchase	1,025,371	801,899
	<hr/>	<hr/>
Borrowings	1,329,108	801,899
Trade creditors	684,849	1,261,731
Corporation tax	45,000	85,125
Other taxation and social security	50,499	41,146
Director's loan	-	651
Accruals and other deferred income	126,064	403,403
	<hr/>	<hr/>
	2,235,520	2,593,955
	<hr/>	<hr/>

The bank overdraft is secured by an unscheduled mortgage debenture secured on the assets and undertaking of the company.

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

		1995 £	1994 £
Hire purchase -	One to two years	680,449	426,754
	Two to five years	209,199	176,752
		<hr/>	<hr/>
Borrowings		889,648	603,506
		<hr/>	<hr/>

## PARK ROYAL HAULAGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS 31 December 1995

#### 15. PROVISIONS FOR LIABILITIES AND CHARGES

##### Deferred taxation

Full provision is made for deferred taxation as follows:

	1995 £	1994 £
Accelerated capital allowance	358,000	291,000
Short term timing difference	-	(11,000)
Other	165,000	-
	<u>523,000</u>	<u>280,000</u>
		£

##### The movement in the year comprises

At 1 January 1995	280,000
Transfer from profit and loss account - current year	226,000
- prior years	17,000
	<u>523,000</u>
At 31 December 1995	<u>523,000</u>

The other timing difference relates to the payment to the Employee Benefit Trust.

#### 16. SHARE CAPITAL

	1995 £	1994 £
Authorised 1,000 shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 1,000 shares of £1 each	<u>1,000</u>	<u>1,000</u>



# **PARK ROYAL HAULAGE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **31 December 1995**

### **17. RESERVES**

	<b>Profit and Loss account £</b>
At 1 January 1995	863,218
Retained profit	488,613
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At 31 December 1995	1,351,831
	<hr/>

### **18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b>1995 £</b>	<b>1994 £</b>
Opening shareholders' funds	864,218	521,866
Profit for the year after taxation	520,613	366,852
Dividends	(32,000)	(24,500)
	<hr/>	<hr/>
Closing shareholders' funds	1,352,831	864,218
	<hr/>	<hr/>

### **19. FINANCIAL COMMITMENTS**

#### **Capital commitments**

Capital expenditure commitments were as follows:

	<b>1995 £</b>	<b>1994 £</b>
Contracted for, but not provided in the accounts	-	-
Authorised by the directors, but not contracted	-	-
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**PARK ROYAL HAULAGE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

31 December 1995

**20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1995 £	1994 £
Operating profit	936,299	706,105
Depreciation	707,905	480,968
Profit on sale of tangible fixed assets	(32,737)	(53,363)
Increase in debtors	(52,504)	(187,141)
(Decrease)/increase in creditors	(142,650)	546,658
	<hr/>	<hr/>
	1,416,313	1,493,227
	<hr/>	<hr/>

**21. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Share capital £	Hire purchase and finance lease obligations £
At 1 January 1994	1,000	894,233
Inception of hire purchase	-	1,284,240
Net cash flow from financing	-	(773,068)
	<hr/>	<hr/>
At 1 January 1995	1,000	1,405,405
Inception of hire purchase	-	1,668,940
Transfer of hire purchase liability	-	(34,909)
Net cash flow from financing	-	(1,124,417)
	<hr/>	<hr/>
At 31 December 1995	1,000	1,915,019
	<hr/>	<hr/>

## PARK ROYAL HAULAGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS 31 December 1995

#### 22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Cash at bank held by Employee Benefits Trust £	Cash at bank and in hand £	Bank overdraft £	Total £
At 1 January 1994	-	402	(198,340)	(197,938)
Net cash inflow	-	318,857	198,340	517,197
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1995	-	319,259	-	319,259
Net cash inflow/(outflow)	500,050	(319,259)	(303,737)	(122,946)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	500,050	-	(303,737)	196,313
	<hr/>	<hr/>	<hr/>	<hr/>

#### 23. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of Park Royal Aggregates Limited. At 31 December 1995 the liability so guaranteed was £81,247, (1994 £Nil).

The company is liable for hire purchase payments of £34,906 on an asset transferred to a third party.

#### 24. TRANSACTION WITH CONNECTED PERSONS

During the year the company had the following transactions with Park Royal Aggregates Limited, a company in which C McManus has a controlling interest.

	£
Sales to	681,430
Purchases from	160,991

All of the above transactions were performed under normal trading terms and conditions.