

REGISTRAR
COMPANY No. 2128305

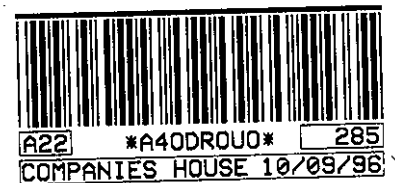
C.V.S. (ANGLIA) LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

31ST MARCH 1996

MANNING, HILDER & GIRLING

Chartered Accountants



C.V.S. (ANGLIA) LIMITED

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31st March 1996.

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 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.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the supply of commercial vehicle spares and vehicle repairs and hire.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A summary of the results for the year is given on page 5 of the financial statements. The directors consider that the balance sheet, a detailed on page 6, shows a satisfactory position at the year end. There is nothing to report concerning likely future developments in the business of the company.

DIVIDENDS

The directors do not recommend a dividend (1995 - nil).

C.V.S. (ANGLIA) LIMITEDREPORT OF THE DIRECTORS
(continued)

DIRECTORS

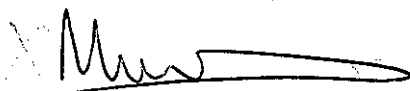
The directors in office in the year and their beneficial interest in the issued ordinary share capital was as follows:-

	<u>31st March 1996</u>	<u>1st April 1995</u>
M Howes	1	1
P Howes	1	1

TANGIBLE FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

By order of the Board



Mrs M Fitton
Secretary

Date: 28th AUGUST 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF

CVS (ANGLIA) LIMITED

We have audited the financial statements set out on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, the Company's directors are responsible for the preparation of the 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 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 mis-statement, 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.

However, the evidence available to us was limited because the company was not subject to an audit for the year ended 31st March 1995 having satisfied the requirements of section 249A of the Companies Act 1985 for the audit exemption for that year. In consequence, it was not possible to perform any auditing procedures necessary to obtain sufficient appropriate audit evidence as regards the existence and valuation of stock included in the financial statements for the year ended 31st March 1995 at £72,765. Any adjustment to this figure would have a consequential significant effect on the profit for the year ended 31st March 1996.

CVS (ANGLIA) LIMITED

(continued)

In forming our opinion we also evaluated the overall adequacy of the disclosures made in Note 1 to the financial statements regarding the inherent uncertainty as to the success of the directors' plans for resolving the financial position of the company. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1996 and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning stock as at 1st April 1995, of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



MANNING, HILDER & GIRLING
REGISTERED AUDITORS

Chartered Accountants
16A Falcon Street,
Ipswich,
Suffolk
IP1 1SL

Date: 30th August 1996

C.V.S. (ANGLIA) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER		385,956	346,799
Cost of sales		265,980	233,892
		-----	-----
GROSS PROFIT		119,976	112,907
Establishment expenses		27,803	29,876
Selling expenses		10,524	3,039
Administrative expenses		58,189	55,645
		-----	-----
OPERATING PROFIT	2	23,460	24,347
Interest payable	3	15,183	15,978
		-----	-----
PROFIT on ordinary activities before taxation		8,277	8,369
TAXATION	4	-	-
		-----	-----
PROFIT for the financial year		8,277	8,369
RETAINED PROFIT at 1st April 1995		14,057	5,688
RETAINED PROFIT at 31st March 1996		£ 22,334	£ 14,057
		=====	=====

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

During the year there were no recognised gains or losses other than those included in the above loss figure for the year.

CONTINUING OPERATIONS

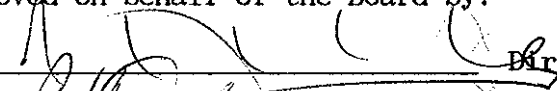

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 7 to 12 form part of these financial statements.

C.V.S. (ANGLIA) LIMITEDBALANCE SHEET - 31ST MARCH 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible assets	5	174,301	187,223
CURRENT ASSETS			
Stock	6	68,639	72,765
Debtors	7	68,443	37,177
Cash at bank and in hand		943	2,560
		-----	-----
		138,025	112,502
CREDITORS			
Amounts falling due within one year	8	244,922	213,469
		-----	-----
NET CURRENT (LIABILITIES)		(106,897)	(100,967)
TOTAL ASSETS LESS CURRENT LIABILITIES		-----	-----
		67,404	86,256
CREDITORS			
Amounts falling due after more than one year	9	44,970	72,099
		-----	-----
		£ 22,434	£ 14,157
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account		22,334	14,057
		-----	-----
SHAREHOLDERS FUNDS	15	£ 22,434	£ 14,157
		=====	=====

Approved on behalf of the Board by:


 _____ Director M Howes

 _____ P Howes
 28.08.96 _____ Date of approval

The notes on pages 7 to 12 form part of these financial statements.

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the company are prepared under the historical cost convention.

As at 31st March 1996 the company had net current liabilities of £106,897 and is dependent on the continued financial support of creditors. The directors believe that the company will satisfactorily resolve its current financial position, although inherently there can be no certainty in any consideration of future events. Turnover for the first quarter of the subsequent trading year to 31st March 1997 is significantly improved. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the support of the creditors were to be withdrawn.

(b) Turnover

Turnover represents net invoiced sales, excluding value added tax.

(c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Motor vehicles	-	25% on written down value
-except four wheel drive		
motor vehicles	-	10% on written down value
Plant & equipment	-	15% on written down value

(d) Hire purchase

Motor vehicles financed by hire purchase agreements that give rights approximating to ownership are treated as if they had been purchased outright and the corresponding obligations treated as liabilities. The charge to profit and loss account is represented by depreciation, calculated in accordance with the company's policy, and interest. The total interest, being the difference between the total instalments payable and the invoiced cost, is charged to the profit and loss account, so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

(e) Stock

Stocks 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.

(f) Deferred taxation

Provision is made at appropriate rates, under the liability method, for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is reasonable probability that a liability will crystallise in the foreseeable future.

C.V.S. (ANGLIA) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1996
(continued)

2. OPERATING PROFIT

This is stated after charging:

	<u>1996</u>		<u>1995</u>
	£	£	£
Depreciation:			
Leased assets	13,463		14,585
Assets held under hire purchase contracts	23,771		18,284
Other tangible assets	11,200		11,363
	-----		-----
		48,434	44,232
Lease of equipment		2,757	-
buildings		7,250	6,000
Profit on disposal of tangible fixed assets		248	469
Staff costs:			
Directors remuneration	15,900		9,750
Wages & salaries	77,011		70,252
National insurance	6,235		7,222
	-----		-----
		99,146	87,224
		=====	=====

The average weekly number of employees during the year was :-

	<u>1996</u>	<u>1995</u>
Production	7	6
Administration	2	2
Directors	2	2
	-----	-----
	11	10
	=====	=====

3. INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Interest payable on loans and overdrafts repayable within five years:		
Hire purchase	11,902	13,111
Bank overdraft	1,962	859
Loan interest	751	2,008
Late payment of VAT	568	-
	-----	-----
	£15,183	£15,978
	=====	=====

4. TAXATION

There is no charge to corporation tax on the results for the year due to losses incurred. Subject to the approval of H M Inspector of Taxes, there are losses of approximately £6,100 (1995 - £18,200) available to be carried forward and set off against future profits from the same trade.

C.V.S. (ANGLIA) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1996
(continued)

5. TANGIBLE FIXED ASSETS

	<u>Plant & equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£
Cost			
At 1st April 1995	35,752	255,078	290,830
Additions	2,714	35,300	38,014
Disposals	-	(6,775)	(6,775)
	-----	-----	-----
At 31st March 1996	38,466	283,603	322,069
	-----	-----	-----
Depreciation			
At 1st April 1995	9,646	93,961	103,607
Charge for the year	4,050	44,384	48,434
On disposals	-	(4,273)	(4,273)
	-----	-----	-----
At 31st March 1996	13,696	134,072	147,768
	-----	-----	-----
Written down values			
At 31st March 1996	£24,770	£149,531	£174,301
	=====	=====	=====
At 31st March 1995	£26,106	£161,117	£187,223
	=====	=====	=====

The written down value of motor vehicles at 31st March 1996 includes £130,479 (1995 - £137,525) in respect of assets leased and on hire purchase.

6. STOCK

	<u>1996</u>	<u>1995</u>
	£	£
Goods for resale	63,875	51,245
Work in progress	4,764	21,520
	-----	-----
	£ 68,639	£ 72,765
	=====	=====

7. DEBTORS

All amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	58,042	34,776
Other debtors	1,880	1,374
Directors current account	8,521	-
Prepayments	-	1,027
	-----	-----
	£ 68,443	£ 37,177
	=====	=====

C.V.S. (ANGLIA) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1996
(continued)

8. CREDITORS

Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Trade creditors	130,467	83,886
Social security and other taxes	47,318	60,857
Hire purchase	48,324	46,834
Director's current account	-	173
Other creditors	6,019	7,871
Loan	5,348	12,748
Accruals	2,434	1,100
Bank overdraft	5,012	-
	-----	-----
	£244,922	£213,469
	=====	=====

9. CREDITORS

Amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	£	£
Hire purchase	34,788	55,824
Loans	10,182	16,275
	-----	-----
	£ 44,970	£ 72,099
	=====	=====

10. DEFERRED TAXATION

The amount provided and the total potential liability for deferred taxation were as follows;

	<u>1996</u>		<u>1995</u>	
	Amount Provided	Potential Liability	Amount Provided	Potential Liability
	£	£	£	£
Accelerated capital allowances	-	8,100	-	8,800
Losses available for future relief	-	6,100	-	8,800
	-----	-----	-----	-----
	£ -	£ 2,000	£ -	£ -
	=====	=====	=====	=====

C.V.S. (ANGLIA) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1996
(continued)

11. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised, 500,000 ordinary shares of £1 each	£500,000 =====	£500,000 =====
Allotted, issued and fully paid 100 ordinary shares of £1 each	£ 100 =====	£ 100 =====

12. HIRE PURCHASE COMMITMENTS

The company has hire purchase arrangements on motor vehicles, the obligations of which are treated in the same manner as finance leases.

The future minimum payments to which the company was committed at 31st March 1996 were as follows:

	<u>1996</u> £	<u>1995</u> £
Payable within:		
One year	52,590	54,161
Two to five years	41,821	63,923
	-----	-----
Minimum payments	94,411	118,084
Amounts representing interest	(11,299)	(15,426)
	-----	-----
	£ 83,112	£102,658
	=====	=====
Summary:		
Amount repayable within one year	48,324	46,834
Amount repayable after more than one year	34,788	55,824
	-----	-----
	£ 83,112	£102,658
	=====	=====

13. TRANSACTIONS WITH DIRECTORS

The company's premises are leased from Mr M Howes and Mrs P Howes who are both directors of the company, at a rental of £6,000 per annum.

C.V.S. (ANGLIA) LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 1996
(continued)

14. OPERATING LEASES

At 31st March 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>1996</u>		<u>1995</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Operating leases which expire:				
Within two to five years	-	2,757	-	-
Over five years	15,000	-	15,000	-
	-----	-----	-----	-----
	£ 15,000	£ 2,757	£ 15,000	£ -
	=====	=====	=====	=====

The finance and operating lease liabilities are subject to the terms of the agreements relating to the relevant land and buildings.

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the financial year	8,277	8,369
Opening shareholders funds	14,157	5,788
	-----	-----
Closing shareholders funds	£ 22,434	£ 14,157
	=====	=====