Abbey Road Tanks Limited

Financial statements

For the year ended 30 June 2005

Grant Thornton

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COMPANIES HOUSE 11/11/2005

Company No. 2484251

Company information

Company registration number	2484251
Registered office	Brasenose Road Millers Bridge Bootle Merseyside L20 8HE
Directors	S J Lucy M A Lucy H Conroy D Coulson B Hollund S Granite
Secretary	S Granite
Bankers	National Westminster Bank Plc 22 Castle Street Liverpool L69 2BE
Solicitors	Lees Lloyd Whitley Castle Chambers 43 Castle Street Liverpool L2 9TJ
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1st Floor Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2005.

Principal activities

The company is principally engaged in the provision of specialised bulk transport.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2005	2004
	£	£
Dividends paid on ordinary shares	**135,000**	100,000

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At 30 June 2005	**At 1 July 2004 or later date of appointment**
S J Lucy		**45,108**	45,108
M A Lucy		**45,108**	45,108
H Conroy		**–**	–
D Coulson		**–**	–
B Hollund		**–**	–
S Granite	(Appointed 21 December 2004)	**–**	–

Directors' responsibilities

United Kingdom 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 at the end of the year and of the profit or loss for the year then ended. 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Donations

During the year the company made the following contributions:

	2005	2004
	£	£
Charitable	**547**	890

Auditors

Grank Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

S Granite
Director
4 November 2005

Grant Thornton

Report of the independent auditors to the members of Abbey Road Tanks Limited

We have audited the financial statements of Abbey Road Tanks Limited for the year ended 30 June 2005 on pages 9 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the directors is not consistent with the financial statements, 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 with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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.

Report of the independent auditors to the members of Abbey Road Tanks Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Liverpool

4 November 2005

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight line basis, over the useful economic life of that asset as follows:

Freehold buildings	4%
Site development	20%
Plant and equipment	20%-50%
Tractors and tanks	8%-15%
Motor vehicles	25%-33%

Freehold land is not depreciated

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

	Note	2005 £	As restated 2004 £
Turnover	1	**10,485,992**	10,635,827
Cost of sales		**(8,665,157)**	(8,685,255)
Gross profit		**1,820,835**	1,950,572
Other operating charges	2	**(1,329,983)**	(1,679,327)
		490,852	271,245
Special pension contribution	2	**-**	(200,000)
Operating profit	3	**490,852**	71,245
Interest payable and similar charges	6	**(101,734)**	(128,043)
Profit/(loss) on ordinary activities before taxation		**389,118**	(56,798)
Tax on profit/(loss) on ordinary activities	7	**(94,946)**	2,190
Profit/(loss) on ordinary activities after taxation		**294,172**	(54,608)
Dividends	8	**(135,000)**	(100,000)
Retained profit/(loss) for the financial year	22	**159,172**	(154,608)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	9	**3,471,748**	3,061,731
Current assets			
Stocks	10	**88,202**	101,730
Debtors	11	**1,635,560**	1,693,561
Cash in hand		**1,149**	3,075
		1,724,911	1,798,366
Creditors: amounts falling due within one year	12	**2,642,204**	3,186,485
Net current liabilities		**(917,293)**	(1,388,119)
Total assets less current liabilities		**2,554,455**	1,673,612
Creditors: amounts falling due after more than one year	13	**1,020,534**	348,863
		1,533,921	1,324,749
Provisions for liabilities and charges			
Deferred taxation	16	**290,000**	240,000
		1,243,921	1,084,749
Capital and reserves			
Called-up equity share capital	20	**90,216**	90,216
Other reserves	21	**60,144**	60,144
Profit and loss account	22	**1,093,561**	934,389
Shareholders' funds	23	**1,243,921**	1,084,749

These financial statements were approved by the directors on 4 November 2005 and are signed on their behalf by:

.....
S J Lucy
Director

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2005 £	2004 £
Net cash inflow from operating activities	24	**540,098**	728,839
Returns on investments and servicing of finance			
Interest paid		**(44,766)**	(55,617)
Interest element of finance leases and hire purchase		**(56,968)**	(72,426)
Net cash outflow from returns on investments and servicing of finance		**(101,734)**	(128,043)
Taxation		**(31,196)**	(58,560)
Capital expenditure			
Payments to acquire tangible fixed assets		**(74,465)**	(53,225)
Receipts from sale of fixed assets		**461,977**	27,651
Net cash inflow/(outflow) from capital expenditure		**387,512**	(25,574)
Equity dividends paid		**(135,000)**	(100,000)
Cash inflow before financing		**659,680**	416,662
Financing			
Repayment of loans		**(309,972)**	(207,049)
Capital element of finance leases and hire purchase		**(503,568)**	(488,991)
Net cash outflow from financing		**(813,540)**	(696,040)
Decrease in cash	24	**(153,860)**	(279,378)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit on ordinary activities before taxation is attributable to one activity. The split of turnover by geographical market has not been disclosed.

2 Other operating charges

	2005	As restated 2004
	£	£
Administrative expenses	**1,329,983**	1,679,327
Special pension contributions	**-**	200,000
	1,329,983	1,879,327

The profit and loss account for 2004 has been restated to show distribution costs within cost of sales. Distribution costs amounted to £3,982,249 (2004: £4,208,367). Due to the nature of the business the directors believe that this disclosure is more appropriate

3 Operating profit

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	**491,124**	530,384
Depreciation of assets held under finance leases and hire purchase agreements	**182,085**	149,007
Loss/(Profit) on disposal of fixed assets	**14,782**	(9,315)
Auditors' remuneration:		
Audit fees	**10,300**	9,600
Operating lease costs:		
Land and buildings	**98,120**	85,333
Plant and equipment	**512,486**	800,608

4 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 136 (2004 - 135).

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	**3,224,619**	3,468,013
Social security costs	**322,610**	336,584
Other pension costs	**19,733**	220,744
	3,566,962	4,025,341

5 Directors

Remuneration in respect of directors was as follows:

	2005	2004
	£	£
Emoluments receivable	**281,238**	431,791
Value of company pension contributions to money purchase schemes	**8,653**	207,911
	289,891	639,702

Emoluments of highest paid director:

	2005	2004
	£	£
Total emoluments (excluding pension contributions)	**71,312**	148,824
Value of company pension contributions to money purchase schemes	**732**	113,732
	72,044	262,556

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Money purchase schemes	**5**	4

Defined contribution scheme

The company operates defined contribution pension schemes for the benefit of the directors and the employees. The assets of the schemes are administered by trustees in funds independent from those of the company.

6 Interest payable and similar charges

	2005	2004
	£	£
Interest payable on bank borrowing	**37,140**	41,527
Finance charges	**56,968**	72,426
Other similar charges payable	**7,626**	14,090
	101,734	128,043

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	**45,000**	31,250
(Over)/under provision in prior year	**(54)**	1,560
Total current tax	**44,946**	32,810
Deferred tax:		
Origination and reversal of timing differences	**50,000**	(35,000)
Tax on profit/(loss) on ordinary activities	**94,946**	(2,190)

(b) *Factors affecting current tax charge*

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	**389,118**	(56,798)
Profit/(loss) on ordinary activities by rate of tax	**73,932**	(10,792)
Expenses not deductible for tax purposes	**5,005**	8,839
Capital allowances in excess of depreciation for the year	**(33,937)**	33,203
Adjustments to tax charge in respect of prior periods	**(54)**	1,560
Total current tax (note 7(a))	**44,946**	32,810

8 Dividends

	2005	2004
	£	£
Equity dividends:		
Dividend paid on ordinary shares of £1.50 per share (2004: £1.11)	**135,000**	100,000

9 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Site development	Motor vehicles	Tractors and tanks	Total
	£	£	£	£	£	£
Cost						
At 1 July 2004	415,000	390,047	446,486	31,273	7,484,518	8,767,324
Additions	–	1,925	–	6,650	1,551,410	1,559,985
Disposals	(415,000)	(19,167)	(365,509)	(1,200)	(280,705)	(1,081,581)
At 30 June 2005	–	372,805	80,977	36,723	8,755,223	9,245,728
Depreciation						
At 1 July 2004	54,265	383,829	311,680	16,439	4,939,380	5,705,593
Charge for the year	2,933	6,473	15,849	8,775	639,179	673,209
On disposals	(57,198)	(19,167)	(246,552)	(1,200)	(280,705)	(604,822)
At 30 June 2005	–	371,135	80,977	24,014	5,297,854	5,773,980
Net book value						
At 30 June 2005	**–**	**1,670**	**–**	**12,709**	**3,457,369**	**3,471,748**
At 30 June 2004	360,735	6,218	134,806	14,834	2,545,138	3,061,731

The value attributable to freehold land, which was not depreciated is £195,000.

Included within the net book value of £3,471,748 is £2,132,791 (2004 - £1,215,158) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £182,085 (2004 - £149,007).

10 Stocks

	2005	2004
	£	£
Fuel and other consumables	**88,202**	101,730

11 Debtors

	2005	2004
	£	£
Trade debtors	**1,419,026**	1,014,159
Other debtors	**106,889**	138,724
Prepayments and accrued income	**109,645**	540,678
	1,635,560	1,693,561

Included in other debtors is £100,414 (2004 : £132,578) relating to overdrawn directors' loan accounts. Further details are provided in note 19.

12 Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	**932,533**	905,584
Trade creditors	**780,485**	1,131,916
Corporation tax	**45,000**	31,250
Other taxation and social security	**177,329**	312,917
Amounts due under finance leases and hire purchase agreements	**525,687**	392,468
Other creditors	**23,000**	230,925
Accruals and deferred income	**158,170**	181,425
	2,642,204	3,186,485

The bank loans and overdraft are secured by fixed and floating charges over the freehold premises, the book debts and all other assets of the company.

13 Creditors: amounts falling due after more than one year

	2005	2004
	£	£
Bank loans and overdrafts	**–**	159,822
Amounts due under finance leases and hire purchase agreements	**987,774**	139,041
Other creditors	**32,760**	50,000
	1,020,534	348,863

Other creditors represent a loan from the pension scheme. £23,000 is also included in creditors falling due within one year. The loan is repayable by quarterly instalments of £9,075 and will be fully repaid by March 2007.

14 Creditors - repayment of debt

Creditors include finance capital which is due for repayment as follows:

	2005	2004
	£	£
Amounts repayable:		
In one year or less or on demand	**955,533**	936,509
In more than one year but not more than two years	**32,760**	209,822
	988,293	1,146,331

The bank loan is a fixed mortgage due to Yorkshire Bank plc and is repayable by monthly instalments.

15 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	**525,687**	392,470
Amounts payable between 1 and 2 years	**411,158**	126,370
Amounts payable between 3 and 5 years	**576,616**	12,669
	1,513,461	531,509

16 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2005	2004
	£	£
Provision brought forward	**240,000**	275,000
Profit and loss account movement arising during the year	**50,000**	(35,000)
Provision carried forward	**290,000**	240,000

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	**290,000**	240,000

17 Leasing commitments

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
	£	**£**	£	£
Operating leases which expire:				
Within 1 year	**–**	**247,199**	–	62,202
Within 2 to 5 years	**50,000**	**97,692**	85,333	323,327
After more than 5 years	**52,500**	**–**	–	97,272
	102,500	**344,891**	85,333	482,801

18 Contingent liabilities

In previous years some senior management remuneration has included bonuses of gold coins. No employers' National Insurance contributions have been paid or provided for on these bonuses. Although the directors do not believe that this is probable, such contributions may subsequently be determined by the taxation authorities to be payable. If so, the directors estimate that a net liability of £49,000 (2004: £49,000) would result.

19 Related party transactions

Transactions with directors and other related parties

(a) Transactions with directors

	Outstanding 2005 £	Outstanding 2004 £	Maximum liability during year £
Amounts due in respect of loans:			
S J Lucy	**64,071**	**72,172**	**146,099**
M A Lucy	**36,343**	**60,406**	**121,057**

(b) Transactions with other related parties

The company had the following transactions and balances with Abbey Road Tanks Limited Retirement and Death Benefit Scheme, two of whose trustees are directors of the company.

	Amount due 2005 £	Amount due 2004 £	Purchase/ interest £
Purchases and interest payable	-	-	**72,509**
Loan - repayable 2007	**60,687**	**80,925**	**4,927**
Deposit received	-	**200,000**	-

Purchases consist of rent payable on property occupied by the company which is owned by the pension fund. The deposit received related to the purchase of the Hull depot which was completed during the year.

20 Share capital

Authorised share capital:

	2005 £	2004 £
500,000 Ordinary shares of £1 each	**500,000**	500,000

Allotted, called up and fully paid:

	2005 No	2005 £	2004 No	2004 £
Ordinary shares of £1 each	**90,216**	**90,216**	90,216	90,216

21 Other reserves

	2005 £	2004 £
Capital redemption reserve	**60,144**	60,144

22 Profit and loss account

	2005 £	2004 £
Balance brought forward	**934,389**	1,088,997
Retained profit/(accumulated loss) for the financial year	**159,172**	(154,608)
Balance carried forward	**1,093,561**	934,389

23 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(Loss) for the financial year	**294,172**	(54,608)
Dividends	**(135,000)**	(100,000)
	159,172	(154,608)
Opening shareholders' equity funds	**1,084,749**	1,239,357
Closing shareholders' equity funds	**1,243,921**	1,084,749

24 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	**490,852**	71,245
Depreciation	**673,209**	679,391
Loss/(Profit) on disposal of fixed assets	**14,782**	(9,315)
Decrease in stocks	**13,528**	4,674
Decrease in debtors	**58,001**	61,407
Decrease in creditors	**(710,274)**	(78,563)
Net cash inflow from operating activities	**540,098**	728,839

24 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Decrease in cash in the period	**(153,860)**	(279,378)
Net cash outflow from loans	**309,972**	207,049
Cash outflow in respect of finance leases and hire purchase	**503,568**	488,991
Change in net debt resulting from cash flows	**659,680**	416,662
New finance leases	**(1,485,520)**	(98,028)
Movement in net debt in the period	**(825,840)**	318,634
Net debt at 1 July 2004	**(1,674,765)**	(1,993,399)
Net debt at 30 June 2005	**(2,500,605)**	(1,674,765)

Analysis of changes in net debt

	At 1 July 2004 £	Cash flows £	Other changes £	At 30 June 2005 £
Net cash:				
Cash in hand and at bank	**3,075**	**(1,926)**	**–**	**1,149**
Overdrafts	**(620,780)**	**(151,934)**	**–**	**(772,714)**
	(617,705)	**(153,860)**	**–**	**(771,565)**
Debt:				
Debt due within 1 year	**(315,729)**	**132,910**	**–**	**(182,819)**
Debt due after 1 year	**(209,822)**	**177,062**	**–**	**(32,760)**
Finance leases and hire purchase agreements	**(531,509)**	**503,568**	**(1,485,520)**	**(1,513,461)**
	(1,057,060)	**813,540**	**(1,485,520)**	**(1,729,040)**
Net debt	**(1,674,765)**	**659,680**	**(1,485,520)**	**(2,500,605)**

25 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £535,275 (2004 - £Nil).