

Abbey Road Tanks Limited

Financial statements

For the year ended 30 June 2004

Grant Thornton 



A26
COMPANIES HOUSE

AMLL04HS

0179
21/04/05

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 L2 OUP
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

Index

Report of the directors	3 - 4
Report of the independent auditors	5 - 6
Principal accounting policies	7 - 8
Profit and loss account	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12 - 20

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2004.

Principal activities and business review

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:

	2004 £	2003 £
Dividends paid on ordinary shares	<u>100,000</u>	<u>152,003</u>

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 2004	At 1 July 2003
S J Lucy	45,108	45,108
M A Lucy	45,108	45,108
H Conroy	—	—
D Coulson	—	—
B Hollund	—	—

S Granite was appointed as a director on 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:

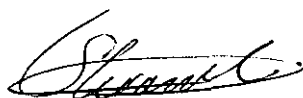
	2004	2003
	£	£
Charitable	<u>890</u>	<u>—</u>

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant 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
15 April 2005

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 2004 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 2004 and of its loss 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

15 April 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, over the useful economic life of that asset as follows:

Freehold buildings	4%
Plant and equipment	20%-33%
Site development	10%-20%
Motor vehicles	25%
Tractors and tanks	8%-15%

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	2004 £	2003 £
Turnover	1	10,635,827	11,452,315
Cost of sales		(4,476,888)	(5,349,832)
Gross profit		6,158,939	6,102,483
Other operating charges	2	(5,887,694)	(5,748,259)
		271,245	354,224
Special pension contributions	2	(200,000)	-
Operating profit	3	71,245	354,224
Interest payable and similar charges	6	(128,043)	(152,910)
(Loss)/profit on ordinary activities before taxation		(56,798)	201,314
Tax on (loss)/profit on ordinary activities	7	2,190	37,475
(Loss)/profit on ordinary activities after taxation	23	(54,608)	238,789
Dividends	8	(100,000)	(152,003)
(Loss)/retained profit for the financial year	22	(154,608)	86,786

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	2004 £	2003 £
Fixed assets			
Tangible assets	9	<u>3,061,731</u>	<u>3,608,205</u>
Current assets			
Stocks	10	101,730	106,404
Debtors	11	1,693,561	1,754,968
Cash in hand		3,075	3,442
		<u>1,798,366</u>	<u>1,864,814</u>
Creditors: amounts falling due within one year	12	<u>3,186,485</u>	<u>3,062,493</u>
Net current liabilities		<u>(1,388,119)</u>	<u>(1,197,679)</u>
Total assets less current liabilities		<u>1,673,612</u>	<u>2,410,526</u>
Creditors: amounts falling due after more than one year	13	<u>348,863</u>	<u>896,169</u>
		<u>1,324,749</u>	<u>1,514,357</u>
Provisions for liabilities and charges			
Deferred taxation	16	<u>240,000</u>	<u>275,000</u>
		<u>1,084,749</u>	<u>1,239,357</u>
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	934,389	1,088,997
Shareholders' funds	23	<u>1,084,749</u>	<u>1,239,357</u>

These financial statements were approved by the directors on 15 April 2005 and are signed on their behalf by:


.....
S J Lucy

Cash flow statement

	Note	2004 £	2003 £
Net cash inflow from operating activities	24	728,839	1,082,818
Returns on investments and servicing of finance			
Interest paid		(55,617)	(66,639)
Interest element of finance leases and hire purchase		(72,426)	(86,271)
Net cash outflow from returns on investments and servicing of finance		(128,043)	(152,910)
Taxation - Corporation tax paid		(58,560)	(87,452)
Capital expenditure			
Payments to acquire tangible fixed assets		(53,225)	(277,000)
Receipts from sale of fixed assets		27,651	42,118
Net cash outflow from capital expenditure		(25,574)	(234,882)
Equity dividends paid		(100,000)	(152,003)
Cash inflow before financing		416,662	455,571
Financing			
New bank loans		—	645,000
Repayment of loans		(207,049)	(264,246)
Capital element of finance leases and hire purchase		(488,991)	(563,800)
Net cash outflow from financing		(696,040)	(183,046)
(Decrease)/increase in cash	24	(279,378)	272,525

Notes to the financial statements

1 Turnover and loss/profit on ordinary activities before taxation

The turnover and loss/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

	2004 £	2003 £
Distribution costs	4,208,367	4,247,507
Administrative expenses	1,679,327	1,500,752
	<u>5,887,694</u>	<u>5,748,259</u>

The special pension contributions of £200,000 also form part of the company's administrative expenses for the year, giving a total of £1,879,327.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of owned fixed assets	530,384	576,956
Depreciation of assets held under finance leases and hire purchase agreements	149,007	106,372
Profit on disposal of fixed assets	(9,315)	(28,533)
Auditors' remuneration:		
Audit fees	9,600	10,000
Accountancy fees	13,128	11,750
Operating lease costs:		
Land and buildings	85,333	85,742
Vehicles	<u>800,608</u>	<u>770,569</u>

4 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 135 (2003: 123).

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	3,468,013	3,370,961
Social security costs	336,584	317,684
Other pension costs	220,744	21,508
	<u>4,025,341</u>	<u>3,710,153</u>

5 Directors

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments receivable	431,791	294,055
Value of company pension contributions to money purchase schemes	207,911	6,293
	<u>639,702</u>	<u>300,348</u>

Emoluments of highest paid director:

	2004 £	2003 £
Total emoluments (excluding pension contributions)	148,824	79,184
Value of company pension contributions to money purchase schemes	113,732	305
	<u>262,556</u>	<u>79,489</u>

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

	2004 No	2003 No
Money purchase schemes	<u>4</u>	<u>4</u>

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

	2004 £	2003 £
Interest payable on bank borrowing	41,527	50,818
Finance charges	72,426	86,271
Other similar charges payable	14,090	15,821
	<u>128,043</u>	<u>152,910</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	31,250	57,000
Under provision in prior year	1,560	525
Total current tax	32,810	57,525
Deferred tax:		
Reversal of timing differences	(35,000)	(95,000)
Tax on (loss)/profit on ordinary activities	(2,190)	(37,475)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2003 - 19%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	(56,798)	201,314
Profit/(loss) on ordinary activities by rate of tax	(10,792)	38,250
Expenses not deductible for tax purposes	8,682	12,447
Depreciation in excess of capital allowances for the year	33,360	6,303
Adjustments to tax charge in respect of prior periods	1,560	525
Total current tax (note 7(a))	32,810	57,525

8 Dividends

	2004 £	2003 £
Equity dividends:		
Dividend paid on ordinary shares of £1.11 per share (2003: £1.68)	100,000	152,003

9 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Site development	Motor vehicles	Tractors and tanks	Total
	£	£	£	£	£	£
Cost						
At 1 July 2003	415,000	388,097	431,413	85,870	7,482,095	8,802,475
Additions	—	1,950	15,073	15,078	119,152	151,253
Disposals	—	—	—	(69,675)	(116,729)	(186,404)
At 30 June 2004	<u>415,000</u>	<u>390,047</u>	<u>446,486</u>	<u>31,273</u>	<u>7,484,518</u>	<u>8,767,324</u>
Depreciation						
At 1 July 2003	45,465	372,770	250,828	78,373	4,446,834	5,194,270
Charge for the year	8,800	11,059	60,852	7,741	590,939	679,391
On disposals	—	—	—	(69,675)	(98,393)	(168,068)
At 30 June 2004	<u>54,265</u>	<u>383,829</u>	<u>311,680</u>	<u>16,439</u>	<u>4,939,380</u>	<u>5,705,593</u>
Net book value						
At 30 June 2004	<u>360,735</u>	<u>6,218</u>	<u>134,806</u>	<u>14,834</u>	<u>2,545,138</u>	<u>3,061,731</u>
At 30 June 2003	<u>369,535</u>	<u>15,327</u>	<u>180,585</u>	<u>7,497</u>	<u>3,035,261</u>	<u>3,608,205</u>

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

Included within the net book value of £3,061,731 is £1,215,158 (2003 - £1,259,341) 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 £149,007 (2003 - £106,372).

10 Stocks

	2004 £	2003 £
Fuel and other consumables	<u>101,730</u>	<u>106,404</u>

11 Debtors

	2004 £	2003 £
Trade debtors	1,014,159	1,089,530
Other debtors	138,724	108,942
Prepayments and accrued income	540,678	556,496
	<u>1,693,561</u>	<u>1,754,968</u>

Included in other debtors is £132,578 (2003 : £58,767) relating to overdrawn directors' loan accounts. Further details are provided in note 19.

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdraft	905,584	652,805
Trade creditors	1,131,916	1,253,933
Corporation tax	31,250	57,000
Other taxation and social security	312,917	468,669
Amounts due under finance leases and hire purchase agreements	392,468	447,867
Other creditors	230,925	24,549
Accruals and deferred income	181,425	157,670
	<u>3,186,485</u>	<u>3,062,493</u>

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

	2004 £	2003 £
Bank loans	159,822	421,564
Amounts due under finance leases and hire purchase agreements	139,041	474,605
Other creditors	50,000	—
	<u>348,863</u>	<u>896,169</u>

Other creditors represent a loan from the pension scheme. £30,925 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 31 March 2007.

14 Creditors - repayment of debt

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

	2004 £	2003 £
Amounts repayable:		
In one year or less or on demand	936,509	652,805
In more than one year but not more than two years	209,822	257,011
In more than two years but not more than five years	—	164,553
	<u>1,146,331</u>	<u>1,074,369</u>

There are two bank loans in operation at the period end.

The first relates to a five year commercial fixed rate loan borrowed from National Westminster Bank plc, repayable by monthly instalments. The second loan is a fixed mortgage borrowed from 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:

	2004 £	2003 £
Amounts payable within 1 year	392,468	447,867
Amounts payable between 1 and 2 years	126,370	349,815
Amounts payable between 3 and 5 years	12,671	124,790
	<u>531,509</u>	<u>922,472</u>

16 Deferred taxation

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

	2004 £	2003 £
Provision brought forward	275,000	370,000
Profit and loss account movement arising during the year	(35,000)	(95,000)
Provision carried forward	<u>240,000</u>	<u>275,000</u>

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

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	<u>240,000</u>	<u>275,000</u>

17 Leasing commitments

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	62,202	—	108,984
Within 2 to 5 years	—	323,327	—	669,407
After more than 5 years	85,333	97,272	80,000	—
	<u>85,333</u>	<u>482,801</u>	<u>80,000</u>	<u>778,391</u>

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 (2003: £49,000) would result.

19 Related party transactions

Transactions with directors and other related parties

(a) Transactions with directors

	Outstanding 2004 £	Outstanding 2003 £	Maximum liability during year £
Amounts due in respect of loans:			
S J Lucy	72,172	35,887	135,975
M A Lucy	60,406	22,880	128,208

S J Lucy has provided a personal guarantee in respect of bank funding amounting to £200,000.

(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 2004 £	Amount due 2003 £	Purchase/ interest £
Purchases and interest payable	-	24,549	35,333
Loan - repayable 2005	80,925	-	2,060
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 relates to the sale of the Hull depot which was completed following the year-end.

20 Share capital

Authorised share capital:

	2004 £	2003 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>90,216</u>	<u>90,216</u>	<u>90,216</u>	<u>90,216</u>

21 Other reserves

	2004	2003
	£	£
Capital redemption reserve	<u>60,144</u>	<u>60,144</u>

22 Profit and loss account

	2004	2003
	£	£
Balance brought forward	1,088,997	1,002,211
(Loss)/retained profit for the financial year	<u>(154,608)</u>	<u>86,786</u>
Balance carried forward	<u>934,389</u>	<u>1,088,997</u>

23 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
(Loss)/profit for the financial year	(54,608)	238,789
Dividends	<u>(100,000)</u>	<u>(152,003)</u>
(Loss)/retained profit for the financial year	<u>(154,608)</u>	<u>86,786</u>
Opening shareholders' equity funds	<u>1,239,357</u>	<u>1,152,571</u>
Closing shareholders' equity funds	<u>1,084,749</u>	<u>1,239,357</u>

24 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2004	2003
	£	£
Operating profit	71,245	354,224
Depreciation	679,391	683,328
Profit on disposal of fixed assets	(9,315)	(28,533)
Decrease/(increase) in stocks	4,674	(36,334)
Decrease/(increase) in debtors	61,407	(161,366)
(Decrease)/increase in creditors	<u>(78,563)</u>	<u>271,499</u>
Net cash inflow from operating activities	<u>728,839</u>	<u>1,082,818</u>

24 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
(Decrease)/increase in cash in the period	(279,378)	272,525
Net cash outflow/(inflow) from loans	207,049	(380,754)
Cash outflow in respect of finance leases and hire purchase	488,991	563,800
Change in net debt resulting from cash flows	416,662	455,571
New finance leases	(98,028)	(659,800)
Movement in net debt in the period	318,634	(204,229)
Net debt at 1 July 2003	(1,993,399)	(1,789,170)
Net debt at 30 June 2004	(1,674,765)	(1,993,399)

Analysis of changes in net debt

	At 1 Jul 2003 £	Cash flows £	Other changes £	At 30 Jun 2004 £
Net cash:				
Cash in hand and at bank	3,442	(367)	—	3,075
Overdraft	(341,769)	(279,011)	—	(620,780)
	(338,327)	(279,378)	—	(617,705)
Debt:				
Debt due within 1 year	(311,036)	(4,693)	—	(315,729)
Debt due after 1 year	(421,564)	211,742	—	(209,822)
Finance leases and hire purchase agreements	(922,472)	488,991	(98,028)	(531,509)
	(1,655,072)	696,040	(98,028)	(1,057,060)
Net debt	(1,993,399)	416,662	(98,028)	(1,674,765)