

# **Williams Tanker Services Limited**

Financial statements

For the year ended 31 December 2003

Grant Thornton 



**Company No. 3133504**

## Company information

<b>Company registration number</b>	3133504
<b>Registered office</b>	Howley Park Road East Howley Park Industrial Estate Morley LEEDS LS27 0BS
<b>Directors</b>	Mr B J Williams Mr B E Williams Miss K E Williams
<b>Secretary</b>	B J Williams
<b>Bankers</b>	National Westminster Bank plc 89a Queen Street Morley LEEDS LS27 XBR
<b>Solicitors</b>	Brearleys Solicitors 1 Brunswick Street BATLEY WF17 5DT
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors St Johns Centre 110 Albion Street LEEDS LS2 8LA

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

### Principal activities and business review

The company is principally engaged in the selling and servicing of commercial vehicles. 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.

### Results and dividends

There was a profit for the year after taxation amounting to £282,269 (2002:£111,518). A dividend of £36,880 was paid during the year (2002 - £nil). The directors do not recommend the payment of a final dividend for the year under review.

### The directors and their interests in 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 31 December 2003	At 1 January 2003
Mr B J Williams	999	999
Mr B E Williams	—	—
Miss K E Williams	—	—

### 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 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.

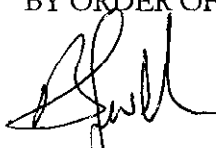
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'B J Williams', is written over the printed name and title.

B J Williams  
Secretary  
21 October 2004

## Report of the independent auditors to the members of Williams Tanker Services Limited

We have audited the financial statements of Williams Tanker Services Limited for the year ended 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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 Directors' Report 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 Directors' Report 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.

**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 2003 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

22 October 2004

## Principal accounting policies

### **Basis of accounting**

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

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Property	- 2% on cost
Plant & Machinery	- 15% reducing balance
Fixtures & Fittings	- 15% reducing balance
Motor Vehicles	- 25% reducing balance
Tankers	- 10% straight line

### **Stock and work in progress**

Stocks are stated at the lower of cost and net realisable value.

Work in progress is valued on the basis of direct costs and labour. No element of profit is included in the valuation of work in progress.

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.



## Profit and loss account

	Note	2003 £	2002 £
Turnover	1	3,664,541	3,444,342
Cost of sales		(2,916,057)	(2,961,079)
Gross profit		748,484	483,263
Other operating charges	2	(375,123)	(317,226)
Other operating income		5,000	5,000
<b>Operating profit</b>	3	378,361	171,037
Interest receivable		1,696	1,086
Interest payable	5	(29,154)	(29,369)
<b>Profit on ordinary activities before taxation</b>		350,903	142,754
Tax on profit on ordinary activities	6	(68,634)	(31,236)
<b>Profit on ordinary activities after taxation</b>		282,269	111,518
Dividends	7	(36,880)	—
<b>Retained profit for the financial year</b>		245,389	111,518

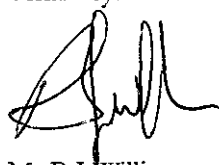
All of the activities of the company are classed as continuing.

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

## Balance sheet

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	<u>1,154,415</u>	<u>739,811</u>
<b>Current assets</b>			
Stocks	9	218,512	442,267
Debtors	10	669,403	441,991
Cash at bank and in hand		<u>117,816</u>	<u>320,364</u>
		<u>1,005,731</u>	<u>1,204,622</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(989,307)</u>	<u>(1,141,169)</u>
<b>Net current assets</b>		<u>16,424</u>	<u>63,453</u>
<b>Total assets less current liabilities</b>		<u>1,170,839</u>	<u>803,264</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(338,983)	(245,825)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	14	<u>(40,028)</u>	<u>(11,000)</u>
		<u>791,828</u>	<u>546,439</u>
<b>Capital and reserves</b>			
Called-up equity share capital	17	1,000	1,000
Profit and loss account	18	<u>790,828</u>	<u>545,439</u>
<b>Shareholders' funds</b>	19	<u>791,828</u>	<u>546,439</u>

These financial statements were approved by the directors on 21 October 2004 and are signed on their behalf by:



Mr B J Williams

## Cash flow statement

	Note	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	20	91,141	(17,028)
Returns on investments and servicing of finance	20	(27,458)	(28,283)
Taxation	20	(30,562)	(30,736)
Capital expenditure and financial investment	20	(500,029)	(36,094)
Equity dividends paid		(36,880)	(15,000)
Cash outflow before financing		<u>(503,788)</u>	<u>(127,141)</u>
Financing	20	146,994	(37,336)
Decrease in cash	20	<u>(356,794)</u>	<u>(164,477)</u>

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>3,664,541</u>	<u>3,444,342</u>

### 2 Other operating charges

	2003 £	2002 £
Administrative expenses	<u>375,123</u>	<u>317,226</u>

### 3 Operating profit

Operating profit is stated after charging:

	2003 £	2002 £
Depreciation of owned fixed assets	63,850	28,042
Depreciation of assets held under finance leases and hire purchase agreements	21,575	6,785
Loss on disposal of fixed assets	—	1,219
Auditors' remuneration:		
Audit fees	5,200	4,750
Accountancy fees	—	1,100
Operating lease costs:		
Plant and equipment	666	—
Vehicles	<u>8,243</u>	<u>8,142</u>

**4 Directors and employees**

The average number of persons employed by the company during the financial year, including the directors, amounted to 32 (2002 - 26).

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	646,569	589,732
Social security costs	63,383	53,545
	<u>709,952</u>	<u>643,277</u>

No director received any emoluments during the year under review (2002 - nil).

**5 Interest payable and similar charges**

	2003	2002
	£	£
Interest payable on bank borrowing	22,280	28,990
Finance charges	6,874	379
	<u>29,154</u>	<u>29,369</u>

**6 Taxation on ordinary activities**

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 30%)	40,544	31,500
Over/under provision in prior year	(938)	(1,264)
Total current tax	<u>39,606</u>	<u>30,236</u>
Deferred tax:		
Increase in deferred tax provision	29,028	1,000
Tax on profit on ordinary activities	<u>68,634</u>	<u>31,236</u>

**6 Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>350,903</u>	<u>142,754</u>
Profit on ordinary activities by rate of tax	66,672	42,826
Permanent disallowable expenditure	3,362	1,552
Capital allowances in excess of depreciation	(29,491)	3,260
Prior year adjustment	(938)	(1,264)
Adjustment in respect of lower rate of tax applying	-	(17,075)
Roundings	1	937
Total current tax (note 6(a))	<u>39,606</u>	<u>30,236</u>

**7 Dividends**

	2003 £	2002 £
Equity dividends:		
Dividend on ordinary shares of £36.88 per share	<u>36,880</u>	<u>-</u>

**8 Tangible fixed assets**

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Tankers £	Total £
Cost						
At 1 Jan 2003	688,207	98,931	53,097	78,399	—	918,634
Additions	—	29,372	26,188	6,437	438,032	500,029
At 31 Dec 2003	<u>688,207</u>	<u>128,303</u>	<u>79,285</u>	<u>84,836</u>	<u>438,032</u>	<u>1,418,663</u>
Depreciation						
At 1 Jan 2003	68,820	38,713	28,491	42,799	—	178,823
Charge for the year	13,764	11,179	6,167	10,512	43,803	85,425
At 31 Dec 2003	<u>82,584</u>	<u>49,892</u>	<u>34,658</u>	<u>53,311</u>	<u>43,803</u>	<u>264,248</u>
Net book value						
At 31 Dec 2003	<u>605,623</u>	<u>78,411</u>	<u>44,627</u>	<u>31,525</u>	<u>394,229</u>	<u>1,154,415</u>
At 31 Dec 2002	<u>619,387</u>	<u>60,218</u>	<u>24,606</u>	<u>35,600</u>	<u>—</u>	<u>739,811</u>

Included within the net book value of £1,154,415 is £216,390 (2002 - £42,503) 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 £21,575 (2002 - £6,785).

**9 Stocks**

	2003 £	2002 £
Work in progress	59,831	43,869
Finished goods	158,681	398,398
	<u>218,512</u>	<u>442,267</u>

**10 Debtors**

	2003 £	2002 £
Trade debtors	657,812	436,577
Other debtors	100	100
Prepayments and accrued income	11,491	5,314
	<u>669,403</u>	<u>441,991</u>

**11 Creditors: amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdraft	230,336	70,791
Trade creditors	402,976	761,969
Corporation tax	40,544	31,500
Other taxation and social security	177,374	187,564
Amounts due under finance leases and hire purchase agreements	56,111	7,574
Other creditors	49,082	45
Directors current accounts	—	47,591
Accruals and deferred income	32,884	34,135
	<u>989,307</u>	<u>1,141,169</u>

The bank loans and overdraft are secured by a fixed and floating charge over all the company's assets.

**12 Creditors: amounts falling due after more than one year**

	2003	2002
	£	£
Bank loans	164,358	229,894
Amounts due under finance leases and hire purchase agreements	174,625	15,931
	<u>338,983</u>	<u>245,825</u>

The bank loans are secured by a fixed and floating charge over all the company's assets.

**13 Borrowings**

Bank borrowings are repayable as follows:

	2003	2002
	£	£
Amounts payable within 1 year	230,336	70,791
Amounts payable between 1 and 2 years	60,236	54,938
Amounts payable between 2 and 5 years	104,122	174,956
	<u>394,694</u>	<u>300,685</u>

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

	2003	2002
	£	£
Amounts payable within 1 year	56,111	7,574
Amounts payable between 1 and 2 years	54,147	7,265
Amounts payable between 3 and 5 years	120,478	8,666
	<u>230,736</u>	<u>23,505</u>



# 14 Deferred taxation

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	11,000	10,000
Profit and loss account movement arising during the year	29,028	1,000
Provision carried forward	<u>40,028</u>	<u>11,000</u>

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

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>40,028</u>	<u>11,000</u>

# 15 Leasing commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	4,789	—
Within 2 to 5 years	—	8,243
	<u>4,789</u>	<u>8,243</u>

# 16 Controlling related party

The company was under the control of Mr B J Williams throughout the current and previous year. Mr B J Williams is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

# 17 Share capital

Authorised share capital:			2003	2002
			£	£
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:				
	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**18 Profit and loss account**

	2003 £	2002 £
Balance brought forward	545,439	433,921
Retained profit for the financial year	245,389	111,518
Balance carried forward	<u>790,828</u>	<u>545,439</u>

**19 Reconciliation of movements in shareholders' funds**

	2003 £	2002 £
Profit for the financial year	282,269	111,518
Dividends	(36,880)	—
	<u>245,389</u>	<u>111,518</u>
Opening shareholders' equity funds	546,439	434,921
Closing shareholders' equity funds	<u>791,828</u>	<u>546,439</u>

**20 Notes to the statement of cash flows**

**Reconciliation of operating profit to net cash inflow/(outflow) from operating activities**

	2003 £	2002 £
Operating profit	378,361	171,037
Depreciation	85,425	34,827
Loss on disposal of fixed assets	—	1,219
Decrease/(increase) in stocks	223,755	(162,101)
Increase in debtors	(227,412)	(69,231)
(Decrease)/increase in creditors	(368,988)	7,221
Net cash inflow/(outflow) from operating activities	<u>91,141</u>	<u>(17,028)</u>

**Returns on investments and servicing of finance**

	2003 £	2002 £
Interest received	1,696	1,086
Interest paid	(22,280)	(28,990)
Interest element of finance leases and hire purchase	(6,874)	(379)
Net cash outflow from returns on investments and servicing of finance	<u>(27,458)</u>	<u>(28,283)</u>

20 Notes to the statement of cash flows (continued)

**Taxation**

	2003	2002
	£	£
Taxation	<u>(30,562)</u>	<u>(30,736)</u>

**Capital expenditure**

	2003	2002
	£	£
Payments to acquire tangible fixed assets	(500,029)	(39,094)
Receipts from sale of fixed assets	—	3,000
Net cash outflow from capital expenditure	<u>(500,029)</u>	<u>(36,094)</u>

**Financing**

	2003	2002
	£	£
Repayment of bank loans	(60,237)	(54,938)
Capital element of finance leases and hire purchase	<u>207,231</u>	<u>17,602</u>
Net cash inflow/(outflow) from financing	<u>146,994</u>	<u>(37,336)</u>

**Reconciliation of net cash flow to movement in net debt**

	2003	2002
	£	£
Decrease in cash in the period	(356,794)	(164,477)
Net cash outflow from bank loans	60,237	54,938
Cash outflow in respect of finance leases and hire purchase	<u>(207,231)</u>	<u>(17,602)</u>
	<u>(503,788)</u>	<u>(127,141)</u>
Change in net debt	<u>(503,788)</u>	<u>(127,141)</u>
Net debt at 1 January 2003	<u>(3,826)</u>	<u>123,315</u>
Net debt at 31 December 2003	<u>(507,614)</u>	<u>(3,826)</u>

20 Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	320,364	(202,548)	117,816
Overdrafts	(15,853)	(154,246)	(170,099)
	<u>304,511</u>	<u>(356,794)</u>	<u>(52,283)</u>
Debt:			
Debt due within 1 year	(54,938)	(5,299)	(60,237)
Debt due after 1 year	(229,894)	65,536	(164,358)
Finance leases and hire purchase agreements	(23,505)	(207,231)	(230,736)
	<u>(308,337)</u>	<u>(146,994)</u>	<u>(455,331)</u>
Net debt	<u>(3,826)</u>	<u>(503,788)</u>	<u>(507,614)</u>