

LFPV Limited

**Directors' report and financial
statements**

Registered number 4138030

For the period ended 31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2001.

Principal activities

The principal activity of the company is the sale and distribution of project vehicles.

Business review

The company was incorporated on 9 January 2001 and commenced trading on 2 April 2001. The company is engaged in the supply of Land Rover and Ford project vehicles to a variety of customers both in the UK and around the world. The initial months of trading have been promising with foundations being laid for the future. The directors believe that there are significant opportunities for this market and expect to be trading profitably within the next financial year.

Proposed dividend

The directors do not propose a final dividend

Directors and directors' interests

The directors who held office during the period were as follows:

Lumley Management Limited	(appointed and resigned 4 January 2001)
Christian Haar	(appointed 9 January 2001)
Peter Barklin	(appointed 9 January 2001)
Jens Rishede Terkelsen	(appointed 1 February 2001)
Charles J Nickerson	(appointed 1 August 2001)
Hans Bukkehave	(appointed 29 October 2001)

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Auditors

KPMG were appointed auditors on 11 May 2001. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 14 June 2002 the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Christian Haar
Director

1 Lumley Street
Mayfair
London
W1K 6TT

24 June 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of LFPV Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 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 the company's affairs as at 31 December 2001 and of its loss for the period from 9 January 2001 to 31 December 2001 then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

24 June 2002

Profit and loss account
for the period ended 31 December 2001

	<i>Note</i>	2001 £
Turnover		6,407,120
Cost of sales		(5,909,537)
		<hr/>
Gross profit		497,583
Distribution costs		(225,082)
Administrative expenses		(877,438)
		<hr/>
Operating loss		(604,937)
Other interest receivable and similar income	6	19,712
Interest payable and similar charges	7	(51,833)
		<hr/>
Loss on ordinary activities before taxation	2	(637,058)
Tax on ordinary activities		-
		<hr/>
Loss on ordinary activities after taxation and for the financial period		(637,058)
		<hr/>

There are no recognised gains or losses other than the loss for the financial period.

In the current period, there was no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

Turnover and operating loss derive entirely from continuing operations.

Balance sheet
at 31 December 2001

	<i>Note</i>	2001	
		£	£
Fixed assets			
Tangible assets	8		168,580
Current assets			
Stocks	9	3,079,383	
Debtors	10	2,565,677	
Cash at bank and in hand		2,631	
		<hr/> 5,647,691	
Creditors: Amounts falling due within one year	11	(5,603,329)	
		<hr/>	
Net current assets			44,362
			<hr/>
Net assets			212,942
			<hr/>
Capital and reserves			
Called up share capital	14	850,000	
Profit and loss account	13	(637,058)	
		<hr/>	
Equity shareholders' funds	13		212,942
			<hr/>

These financial statements were approved by the board of directors on 24 June 2002 and were signed on its behalf by:


Christian Haar
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

Extend Reach Corporation have confirmed that it will continue to provide the financial support required for the company to continue to trade for at least the next twelve months and thereafter, for the foreseeable future.

Accordingly, the directors have prepared the financial statements on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it qualifies as a small company under Sections 246 to 249 of the Companies Act 1985.

Related party transactions

The company is exempt from the requirements of Financial Reporting Standard No 8: *Related Party Disclosures* to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties, as it is a wholly-owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company, Extend Reach Corporation, a company registered and incorporated in the United States of America and those financial statements are available from LFPV Limited, The Coach House, Wellesbourne House, Wellesbourne, Warwick CV35 9JB.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% to 33.3% reducing balance
Motor vehicles	-	20% reducing balance

Pension costs

The company operates defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. For finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

2 Loss on ordinary activities before taxation

2001
£

Loss on ordinary activities before taxation is stated

after charging /(crediting)

Auditors' remuneration:

Audit	10,000
Non-audit	2,000

Depreciation and other amounts written off tangible fixed assets:

Owned	38,813
Exchange gains	(12,011)

3 Remuneration of directors

2001
£

Directors' emoluments	44,695
Company contribution to money purchase pension scheme	810
	45,505

Retirement benefits have accrued to the following number of directors under
 Money purchase scheme

1

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

Number of
 Employees
 2001

Works	5
Administration	15
	20

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2001 £
Wages and salaries	385,483
Social security costs	37,211
Other pension costs	8,979
	<hr/> 431,673 <hr/>

5 Tax on profit on ordinary activities

The company has approximately £578,219 of corporation tax losses to carry forward and offset against future profits from the same trade.

6 Other interest receivable and similar income

	2001 £
Receivable from group undertakings	7,413
Other	12,299
	<hr/> 19,712 <hr/>

7 Interest payable and similar charges

	2001 £
On bank loans and overdrafts	50,055
On all other loans	1,778
	<hr/> 51,833 <hr/>

Notes (continued)

8 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
Additions	71,182	101,343	69,499	242,024
Disposals	-	-	(38,479)	(38,479)
At end of period	71,182	101,343	31,020	203,545
Depreciation				
Charge for period	7,413	22,382	9,018	38,813
On disposals	-	-	(3,848)	(3,848)
At end of period	7,413	22,382	5,170	34,965
Net book value				
At 31 December 2001	63,769	78,961	25,850	168,580

9 Stocks

	2001 £
Finished goods and goods for resale	3,079,383

10 Debtors

	2001 £
Trade debtors	1,990,098
Amounts owed by group undertakings	7,277
Other debtors	473,475
Prepayments and accrued income	94,827
	2,565,677

11 Creditors: Amounts falling due within one year

	2001 £
Bank loans and overdrafts	1,595,133
Trade creditors	3,967,923
Amounts owed to group undertakings	26,483
Other creditors including taxation and social security	13,790
	5,603,329

Notes (continued)

12 Provisions for liabilities and charges

Deferred taxation

No amounts are provided for deferred tax as in the opinion of the directors no liability is expected to arise in the foreseeable future. The amounts unprovided, calculated under the liability method at 30%, are set out below:

	2001 £
Accelerated capital allowances	(776)
Losses carried forward	(173,466)
	<hr/>
	(174,242)
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2001 £
Loss for the financial year	(637,058)
Share capital issued	850,000
	<hr/>
Net deduction from shareholders' funds and closing shareholders' funds	212,942
	<hr/>

14 Called up share capital

	2001 £
<i>Authorised:</i>	
Ordinary shares of £1 each	1,000,000
	<hr/>
<i>Allotted, called up and fully paid:</i>	
Ordinary shares of £1 each	850,000
	<hr/>

15 Commitments

There were no capital commitments contracted for at the end of the financial period.

16 Pension scheme

The company operates defined contribution money purchase pension schemes. The pension charge for the period represents contributions payable by the company to the funds and amounted to £8,979. Outstanding contributions at the end of the period amounted to £6,885.

17 Ultimate controlling party

The ultimate parent undertaking is Extend Reach Corporation, incorporated in the United States of America. The largest group in which the results of the company are consolidated is headed by Extend Reach Corporation. The consolidated financial statements of this company are available by request from LFPV Limited, The Coach House, Wellesbourne House, Walton Road, Wellesbourne, Warwick CV35 9JB.