

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 2002**

**Company Registration Number 4184642**



**AK SPECIALTY VEHICLES (UK) LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31ST DECEMBER 2002**

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**AK SPECIALTY VEHICLES (UK) LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**The Board of Directors**

Mr R W Bachman  
Mr L J Sodomire  
Mr P J Supple

**Company Secretary**

A,B & C Secretarial Limited

**Registered Office**

50 West Street  
Farnham  
Surrey  
GU9 7DX

**Auditors**

Wise and Co  
Chartered Accountants  
& Registered Auditors  
50 West Street  
Farnham  
Surrey  
GU9 7DX

# AK SPECIALTY VEHICLES (UK) LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2002

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2002.

### Principal Activities

The principal activity of the company during the period was the design, construction and sale of specialised vehicles.

### Directors

The directors who served the company during the year were as follows:

Mr R W Bachman

Mr L J Sodomire

Mr P J Supple

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### 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, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

### Auditors

A resolution to re-appoint Wise and Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**AK SPECIALTY VEHICLES (UK) LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

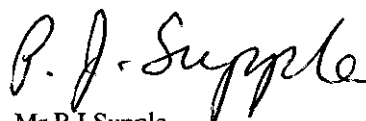
**YEAR ENDED 31ST DECEMBER 2002**

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**Small Company Provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



Mr P J Supple  
Director

Approved by the directors on 5th September 2003

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31ST DECEMBER 2002**

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We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the Directors and the Auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

**Basis of Audit 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.

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS** *(continued)*  
**YEAR ENDED 31ST DECEMBER 2002**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

50 West Street  
Farnham  
Surrey  
GU9 7DX

22 September 2003.

WISE AND CO  
Chartered Accountants  
& Registered Auditors

*Wise & Co*

**AK SPECIALTY VEHICLES (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST DECEMBER 2002**

	Note	Year to 31 Dec 02 £	Period from 23 Mar 01 to 31 Dec 01 £
<b>Turnover</b>		<b>3,988,659</b>	<b>3,043,903</b>
Cost of sales		<u>3,162,419</u>	<u>2,417,758</u>
<b>Gross Profit</b>		<b>826,240</b>	<b>626,145</b>
Administrative expenses		<u>584,488</u>	<u>464,144</u>
<b>Operating Profit</b>	<b>2</b>	<b>241,752</b>	<b>162,001</b>
Interest receivable	3	2,274	1,995
Interest payable		<u>(632)</u>	<u>(24)</u>
<b>Profit on Ordinary Activities Before Taxation</b>		<u><b>243,394</b></u>	<u><b>163,972</b></u>
Tax on profit on ordinary activities	<b>4</b>	<b>63,829</b>	<b>50,217</b>
<b>Retained Profit for the Financial Year</b>		<u><b>179,565</b></u>	<u><b>113,755</b></u>
Balance brought forward		<u>113,755</u>	<u>-</u>
Balance carried forward		<u><u><b>293,320</b></u></u>	<u><u><b>113,755</b></u></u>

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.

The notes on pages 8 to 14 form part of these financial statements.



# AK SPECIALTY VEHICLES (UK) LIMITED

## BALANCE SHEET

31ST DECEMBER 2002

	Note	£	2002 £	£	2001 £
<b>Fixed Assets</b>					
Tangible assets	5		23,520		35,060
<b>Current Assets</b>					
Stocks	6	20,138		261,005	
Debtors	7	1,201,725		247,097	
Cash at bank and in hand		527,526		223,365	
		1,749,389		731,467	
<b>Creditors: Amounts Falling due Within One Year</b>	8	1,478,590		651,773	
<b>Net Current Assets</b>			270,799		79,694
<b>Total Assets Less Current Liabilities</b>			294,319		114,754
<b>Capital and Reserves</b>					
Called-up equity share capital	11		999		999
Profit and loss account			293,320		113,755
<b>Shareholders' Funds</b>	12		294,319		114,754

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 5th September 2003 and are signed on their behalf by:

Mr P J Supple



The notes on pages 8 to 14 form part of these financial statements.

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**1. Accounting Policies**

**Basis of Accounting**

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

**Cash Flow Statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

**Turnover**

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

**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:

Leasehold Property	-	Straight Line over length of lease
Plant & Machinery	-	Straight Line over 3 to 5 years
Motor Vehicles	-	Straight Line over 5 years

**Stocks**

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

**Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**1. Accounting Policies** *(continued)*

**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.

**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 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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**2. Operating Profit**

Operating profit is stated after charging:

	Year to 31 Dec 02 £	Period from 23 Mar 01 to 31 Dec 01 £
Staff pension contributions	7,948	8,239
Depreciation of owned fixed assets	20,587	15,042
Auditors' fees	8,250	1,750
Operating lease costs:		
Land and buildings	45,612	28,972
Plant and equipment	18,567	13,680
Net loss on foreign currency translation	<u>5,756</u>	<u>818</u>

**3. Interest Receivable**

	Year to 31 Dec 02 £	Period from 23 Mar 01 to 31 Dec 01 £
Bank interest receivable	<u>2,274</u>	<u>1,995</u>

**4. Tax on Profit on Ordinary Activities**

**(a) Analysis of charge in the year**

	Year to 31 Dec 02 £	Period from 23 Mar 01 to 31 Dec 01 £
Current tax:		
UK Corporation tax based on the results for the year at 27.33% (2001 - 26.76%)	68,704	50,217
Over/under provision in prior year	(4,875)	-
Total current tax	<u>63,829</u>	<u>50,217</u>

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**4. Tax on Profit 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 27.33% (2001 - 26.76%).

	Year to 31 Dec 02 £	Period from 23 Mar 01 to 31 Dec 01 £
Profit on ordinary activities before taxation	<u>243,394</u>	<u>163,972</u>
Profit/(loss) on ord actvs by rate of tax	66,520	43,879
Depreciation in excess of capital allowances	731	1,594
Expenses not deductible for tax purposes	1,453	(131)
Over provision in prior period	<u>(4,875)</u>	<u>4,875</u>
Total current tax (note 4(a))	<u>63,829</u>	<u>50,217</u>

**5. Tangible Fixed Assets**

	Leasehold Property £	Machinery & Equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1st January 2002	5,550	41,952	2,600	50,102
Additions	<u>—</u>	<u>9,047</u>	<u>—</u>	<u>9,047</u>
<b>At 31st December 2002</b>	<u>5,550</u>	<u>50,999</u>	<u>2,600</u>	<u>59,149</u>
<b>Depreciation</b>				
At 1st January 2002	2,220	10,222	2,600	15,042
Charge for the year	<u>3,330</u>	<u>17,257</u>	<u>—</u>	<u>20,587</u>
<b>At 31st December 2002</b>	<u>5,550</u>	<u>27,479</u>	<u>2,600</u>	<u>35,629</u>
<b>Net Book Value</b>				
At 31st December 2002	<u>—</u>	<u>23,520</u>	<u>—</u>	<u>23,520</u>
At 31st December 2001	<u>3,330</u>	<u>31,730</u>	<u>—</u>	<u>35,060</u>

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**6. Stocks**

	2002	2001
	£	£
Raw materials	20,138	40,244
Work in progress	—	220,761
	<u>20,138</u>	<u>261,005</u>

**7. Debtors**

	2002	2001
	£	£
Trade debtors	1,161,599	197,412
Other debtors	—	2,500
Prepayments and accrued income	40,126	47,185
	<u>1,201,725</u>	<u>247,097</u>

**8. Creditors: Amounts Falling due Within One Year**

	2002	2001
	£	£
Trade creditors	91,622	96,525
Other creditors including taxation and social security:		
Amounts owed to Parent Company	835,534	54,242
Corporation tax	68,704	50,217
PAYE and social security	16,433	16,451
VAT	33,708	210,107
Other creditors	5,167	17,760
Accruals and deferred income	427,422	206,471
	<u>1,478,590</u>	<u>651,773</u>

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**9. Commitments under Operating Leases**

At 31st December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Assets Other Than Land &amp; Buildings</i>	
	2002	2001
	£	£
Operating leases which expire:		
Within 1 year	16,779	1,599
Within 2 to 5 years	<u>29,424</u>	<u>131,792</u>
	<u>46,203</u>	<u>133,391</u>

**10. Related Party Transactions**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8 as intragroup transactions and balances are eliminated on consolidation.

**11. Share Capital**

**Authorised share capital:**

	2002	2001
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**Allotted, called up and fully paid:**

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	<u>999</u>	<u>999</u>	<u>999</u>	<u>999</u>

**AK SPECIALTY VEHICLES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST DECEMBER 2002**

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**12. Reconciliation of Movements in Shareholders' Funds**

	2002	2001
	£	£
Profit for the financial year	179,565	113,755
New equity share capital subscribed	—	999
Net addition to funds	179,565	114,754
Opening shareholders' equity funds	114,754	—
Closing shareholders' equity funds	<u>294,319</u>	<u>114,754</u>

**13. Ultimate Parent Company**

The company's immediate parent undertaking is AK Associates LLC , a company incorporated in the United States.