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COMPANIES HOUSE 16/06/00

Pennant Plant Limited

Directors' report and financial statements

31 December 1999
Registered number SC48123

Directors' report and financial statements

Contents

Directors' report

The directors present their report and the audited accounts for the year ended 31 December 1999.

Principal activity

The main activities of the company are plant hire and contracting.

Results and dividend

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who served during the year were:

KM Miller	
R A Clarke	(resigned 30 November 1999)
A T Miller	(appointed 1 April 1999)

None of the directors had any interests in the shares of the company during the year. The interests of the directors in the shares of The Miller Group Limited, the parent company, are dealt with in the accounts of that company.

Millennium compliance

No major issues were encountered with the passing of the Millennium and, to date, no third party issues have adversely affected the company. The costs associated with preparing for Millennium compliance were not significant.

The directors believe that the company is at an acceptable state of readiness for any potential failures or issues that may arise in the coming year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Alan Miller

AT Miller
Secretary
Edinburgh

26 May 2000

Statement of 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 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.

Report of the auditors to the members of Pennant Plant Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page ... , 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. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

1 ~~July~~ 2000
Edinburgh

Profit and loss account
for the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover	*2*	**11,487,895**	9,003,362
Cost of sales		**(9,655,651)**	(7,294,078)
Gross profit		**1,832,244**	1,709,284
Administrative expenses		**(931,901)**	(941,453)
Operating profit	*3*	**900,343**	767,831
Interest payable and similar charges	*6*	**(272,594)**	(307,499)
Profit before taxation		**627,749**	460,332
Taxation	*7*	**-**	-
Profit for the financial year		**627,749**	460,332
Profit brought forward		**3,124,215**	2,663,883
Profit carried forward		**3,751,964**	3,124,215

There were no recognised gains or losses other than the profit for the year.

Balance sheet
at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	*8*	**7,318,925**	7,189,498
Current assets			
Debtors	*9*	**1,633,877**	892,296
Cash in hand		**561**	560
		1,634,438	892,856
Creditors: amounts falling due within one year	*10*	**(4,820,664)**	(4,501,255)
Net current liabilities		**(3,186,226)**	(3,608,399)
Total assets less current liabilities		4,132,699	3,581,099
Creditors: amounts falling due after more than one year	*11*	**(280,735)**	(356,884)
Net assets		**3,851,964**	3,224,215
Capital and reserves			
Called up share capital	*12*	**100,000**	100,000
Profit and loss account		**3,751,964**	*3,124,215*
Equity shareholders' funds		**3,851,964**	3,224,215

These accounts were approved by the board of directors on 26 May 2000 and were signed on its behalf by:

Keith M. Miller

KM Miller
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The accounts are prepared under the historical cost basis and in accordance with applicable Accounting Standards.

The company is exempt from the requirement of Financial Reporting Standard 1 (revised), to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address given in note 16.

Turnover

Turnover comprises invoiced sales and in the case of long-term contracts, the value of work done during the year.

Long term contracts

Profits in respect of long-term contracts are included where the contract outcome can be foreseen with reasonable certainty and are determined by reference to the valuation of work done less related costs of production. Provision is made for all foreseeable contract losses. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments to account.

Depreciation

Depreciation of plant, equipment and vehicles is provided on the straight-line method over the estimated useful lives of the assets concerned. The main annual rates in use are as follows:

Heavy plant	12.5% - 33%
Coaling equipment	12.5% - 20%
Cars, vans and miscellaneous	25%
Lorries and office equipment	20%
Furniture and fittings	10%

Leasehold improvements are amortised on a straight-line basis over the shorter of the outstanding lease period and the estimated useful lives of the assets concerned.

Notes *(continued)*

1 Accounting policies *(continued)*

Leasing

Assets acquired under finance leases are included in tangible fixed assets at the outright purchase price equivalent. Depreciation is provided at rates designed to write off this amount using the straight-line method over the shorter of the estimated useful lives or the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

Expenditure on operating leases is charged to the profit and loss account on a straight-line basis over the lease period.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of timing differences if liabilities are likely to crystallise in the foreseeable future.

Pensions

Certain employees are members of The Miller Group Limited pension scheme. Details of this scheme are disclosed in its accounts.

2 Turnover

Turnover, all of which is generated in the United Kingdom, comprises:

	1999	1998
	£	£
Hire of plant and vehicles	**6,652,641**	4,865,813
Contracting	**4,835,254**	4,137,549
	11,487,895	9,003,362

3 Operating profit

	1999	1998
	£	£
This is stated after charging the following:		
Depreciation - owned assets	**2,919,449**	2,559,590
- assets held under finance leases	**225,721**	208,147
Operating lease rentals - hire of plant and equipment	**229,596**	169,954
- other	**50,001**	49,583
Auditors' remuneration - audit fees	**4,000**	5,550
- other fees	**3,750**	3,229

Notes *(continued)*

4 Remuneration of directors

	1999	1998
	£	£
Directors' emoluments	**54,768**	7,544

5 Staff numbers and costs

The average number of persons employed by the company, including directors, during the year was as follows:

	1999	*1998*
	Number	Number
Operators	**53**	45
Administration	**19**	20
	72	65

The aggregate payroll costs of these persons were as follows:

	1999	1998
	£	£
Wages and salaries	**1,349,737**	1,138,891
Social security costs	**109,919**	93,509
Other pension costs	**31,876**	34,076
	1,491,532	1,266,476

6 Interest payable and similar charges

	1999	1998
	£	£
Interest payable to group undertaking	**231,254**	254,612
Finance charges on leased assets	**41,340**	52,887
	272,594	307,499

Notes *(continued)*

7 Taxation

The corporation tax liability for the year has been settled by group relief for a fellow subsidiary undertaking's losses.

The company has a deferred tax asset which is not recognised in these accounts.

8 Tangible assets

	Leasehold improvements	Plant, equipment and vehicles Leased	Plant, equipment and vehicles Owned	Total
	£	£	£	£
Cost	64,300	1,111,799	11,869,859	13,045,958
At 31 December 1998				
Additions	-	101,000	3,473,561	3,574,561
Disposals	-	(180,000)	(2,970,184)	(3,150,184)
At 31 December 1999	**64,300**	**1,032,799**	**12,373,236**	**13,470,335**
Depreciation				
At 31 December 1998	19,290	543,192	5,293,978	5,856,460
Charge for the year	6,430	225,721	2,913,019	3,145,170
Disposals		(179,995)	(2,670,225)	(2,850,220)
At 31 December 1999	**25,720**	**588,918**	**5,536,772**	**6,151,410**
Net book value				
At 31 December 1999	**38,580**	**443,881**	**6,836,464**	**7,318,925**
At 31 December 1998	45,010	568,607	6,575,881	7,189,498

9 Debtors

	1999	1998
	£	£
Trade debtors	**349,159**	295,367
Amounts recoverable on contracts	**428,726**	291,150
Amount owed by Group undertakings	**668,170**	135,868
Prepayments and accrued income	**187,822**	169,911
	1,633,877	892,296

Notes *(continued)*

10 Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	**3,669,435**	3,487,666
Trade creditors	**657,776**	629,565
Other taxes	**200,520**	94,978
Obligations under finance leases	**172,336**	232,408
Amounts owed by Group undertakings	**70,285**	-
Accruals and deferred income	**50,312**	56,638
	4,820,664	4,501,255

11 Creditors: amounts falling due after more than one year

	1999	1998
	£	£
Obligations under finance leases	**280,735**	356,884

12 Share capital

	1999	1998
	£	£
Equity		
Authorised, allotted, called up and fully paid		
400,000 Ordinary shares of 25p each	100,000	100,000

13 Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Profit for the financial year	**627,749**	460,332
Net addition to shareholders' funds	**627,749**	460,332
Opening shareholders' funds	**3,224,215**	2,763,883
Closing shareholders' funds	**3,851,964**	3,224,215

Notes *(continued)*

14 Commitments

a) At the end of the financial year the company had entered into commitments amounting to £345,000 (1998: £ nil) in respect of finance leases, the inception of which occurs after the year end.

b) Annual commitments under non-cancellable operating leases are as follows:

	1999 Land and Buildings £	1998 Land and Buildings £
Operating leases which expire:		
Within one year	-	50,000
In the second to fifth years inclusive	-	-
Over five years	**65,000**	-
	65,000	50,000

15 Pensions

The company participates in The Miller Group Pension Scheme, a defined benefit pension scheme providing benefits based on final pensionable earnings. Contributions to the scheme are assessed in accordance with the advice of an independent qualified actuary, on the basis of triennial valuations, using the projected unit method and are based on pension costs across the group as a whole. This scheme was closed to new entrants on 1 October 1997.

Further details of the most recent actuarial valuation and the main actuarial assumptions are disclosed in the accounts of The Miller Group Limited.

The company participates in The Miller Group Limited Group Personal Pension Plan. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amounts charged against profit represents the contributions payable to the scheme in respect of the accounting period.

16 Ultimate parent company

The company's ultimate parent company is The Miller Group Limited, which is registered in Scotland and incorporated in Great Britain. The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.