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Pennant Vehicle Leasing Limited

Directors' Report and Financial Statements

31 December 2007

Registered number SC48123

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18/09/2008

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Directors' Report and Financial Statements

Contents

Directors' Report	1
Statement of Directors' Responsibilities	2
Report of the Auditors to the Members of Pennant Vehicle Leasing Limited	3
Profit and Loss Account	4
Balance Sheet	5
Notes	6

Directors' Report

The Directors present their report and the audited accounts for the year ended 31 December 2007

Principal Activity

The company was focused on vehicle leasing and fleet management operations during the year

Results and Dividend

The results for the year are set out in the Profit and Loss Account on page 4. No dividend was paid or proposed during the year.

Directors and Directors' Interests

The Directors who served during the year were

Keith M Miller
John S Richards

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.

Disclosure of Information to Auditors

The directors who held office at the date of approval of the Directors' report confirms, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



P Smyth
Company Secretary

29th August 2008

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

KPMG LLP

Independent auditors' report to the members of Pennant Vehicle Leasing Limited

We have audited the financial statements of Pennant Vehicle Leasing Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's 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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we also report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

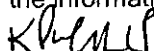
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP

Chartered Accountants

Registered Auditor

Edinburgh

2 September 2008

Profit and Loss Account

for the year ended 31 December 2007

	Notes	2007 £000	2006 £000
Turnover	2	658	838
Cost of sales		(527)	(920)
Gross profit / (loss)		131	(82)
Administrative expenses		(96)	(131)
Operating profit / (loss)	3	35	(213)
Net interest payable	6	(44)	(42)
Loss before taxation		(9)	(255)
Taxation	7		24
Loss for the financial year		(9)	(231)

Other than the loss for the year, there were no other recognised gains or losses

Balance Sheet
at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	8	64	190
Current assets			
Debtors	9	205	384
Cash in hand and at bank		57	
		262	384
Creditors amounts falling due within one year	11	(56)	(267)
Net current assets		206	117
Total assets less current liabilities		270	307
Creditors amounts falling due after more than one year	12	(34)	(62)
Net assets		236	245
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	136	145
Shareholders' funds	15	236	245

These accounts were approved by the Board of Directors on 29th August 2008 and were signed on its behalf by



Keith M 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 which have been consistently applied

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 FRS 8 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 18

Turnover

Turnover comprises invoiced sales from vehicle leasing operations, the value of work done during the year excluding Value Added Tax

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

Plant, equipment and vehicles	25%
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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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Pensions

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

Notes (continued)**Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Turnover

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

	2007 £000	2006 £000
Hire of plant and vehicles	658	838

3 Operating profit / (loss)

	2007 £000	2006 £000
<i>This is stated after charging/(crediting) the following</i>		
Depreciation	126	141
Operating lease rentals hire of plant and equipment		423
Auditors' remuneration audit fees	3	3
Gain on disposal of fixed assets	(13)	(7)

4 Remuneration of Directors

	2007 £000	2006 £000
Directors' emoluments	-	

5 Staff Numbers and Costs

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

	2007 Number	2006 Number
Administration	2	2

Notes (continued)

The aggregate payroll costs of these persons were as follows

	2007 £000	2006 £000
Wages and salaries	68	80
Social security costs	5	10
Other pension costs	21	25
	<hr/>	<hr/>
	94	115
	<hr/>	<hr/>

6 Net Interest Payable

	2007 £000	2006 £000
Group interest	(1)	
Finance charges on leased assets	(43)	(42)
	<hr/>	<hr/>
	(44)	(42)
	<hr/>	<hr/>

7 Taxation*Analysis of tax charge in the year*

	2007 £000	2006 £000
Deferred tax (see note 10)		
Origination/reversal of timing differences		24
	<hr/>	<hr/>

Factors reflecting the tax charge for the current year

The current tax charge for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
(Loss) on ordinary activities before tax	(9)	(255)
	<hr/>	<hr/>
Current tax at 30%	(3)	(76)
Effects of		
Fixed asset timing differences		24
Group relief for which no consideration is given	3	52
	<hr/>	<hr/>
	<hr/>	<hr/>

Notes (continued)

8 Tangible Assets

	Plant, Equipment And Vehicles £000
<i>Cost</i>	
At 1 January 2007	955
Disposals	(258)
	<hr/>
At 31 December 2007	697
	<hr/>
<i>Depreciation</i>	
At 1 January 2007	765
Charge for the year	126
Disposals	(258)
	<hr/>
At 31 December 2007	633
	<hr/>
<i>Net book value</i>	
At 31 December 2007	64
	<hr/>
At 31 December 2006	190
	<hr/> <hr/>

Included in the net book value of Plant, Equipment and Vehicles is £56,000 (2006 £175,000) in respect of assets held under Hire Purchase contracts. Depreciation for the year on these assets was £124,000 (2006 £130,000).

9 Debtors

	2007 £000	2006 £000
Trade debtors	91	155
Amount owed by group undertakings	74	59
Prepayments and accrued income	31	161
Deferred tax (Note 10)	9	9
	<hr/>	<hr/>
	205	384
	<hr/> <hr/>	<hr/> <hr/>

10 Deferred tax

	£000
At beginning and end of year	<hr/> 9 <hr/>

Notes (continued)**11. Creditors** amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	9	20
Other taxes and social security		5
Obligations under hire purchase contracts / finance leases	32	121
Accruals and deferred income	15	12
Bank overdraft		109
	<u>56</u>	<u>267</u>

12. Creditors. amounts falling due after more than one year

	2007 £000	2006 £000
Obligations under hire purchase contracts / finance leases	34	62

The maturity of obligations under hire purchase contracts / finance leases is as follows

	2007 £000	2006 £000
Within one year	32	121
Two to five years	34	62
	<u>66</u>	<u>183</u>

13 Share Capital

	2007 £000	2006 £000
Equity		
<i>Authorised, allotted, called up and fully paid</i>		
400,000 Ordinary shares of 25p each	<u>100</u>	<u>100</u>

14 Profit and loss account

	2007 £000
At beginning of year	145
Loss for year	(9)
	<u>136</u>
At end of year	136

Notes (continued)**15 Reconciliation of Movements in Equity Shareholders' Funds**

	2007 £000	2006 £000
Loss for the financial year	(9)	(231)
Net reduction in shareholders' funds	<u>(9)</u>	<u>(231)</u>
Opening shareholders' funds	245	476
Closing shareholders' funds	<u>236</u>	<u>245</u>

16. Commitments

Annual commitments under non cancellable operating leases are as follows

	2007 £000	2006 £000
Operating leases which expire		
Within one year	40	8
In the second to fifth years inclusive	31	84
	<u>71</u>	<u>92</u>

17. Pensions

The company participates in The Miller Group pension scheme, which provides benefits on a final pensionable pay. Because the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis as permitted by FRS 17 "Retirement Benefits", the schemes have been accounted for, in these financial statements as if it was a defined contribution scheme. There is a deficit on The Miller Group scheme of £0.5m (2006 £10m).

The latest full actuarial valuation of the scheme was carried out on 1 July 2007 and updated for FRS 17 purposes at 31 December 2007 by a qualified independent actuary. The group contribution for the year was £9.7m (2006 £9.7m). The Miller Group expects to contribute 16.1% of pensionable salary plus £183,333 per calendar month during 2008 plus an additional £3.2m.

The company also 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 amount charged against profit represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

18 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.