

Pennant Vehicle Leasing Limited

Directors' Report and Financial Statements

31 December 2004

Registered number SC48123



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COMPANIES HOUSE 18/10/05

Directors' Report and Financial Statements

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Directors' Report

The Directors present their report and the audited accounts for the year ended 31 December 2004.

Principal Activity

The company was solely focused on vehicle leasing operations during the year.

Results and Dividend

The results for the year are set out in the Profit and Loss Account on page 4. A dividend of £583,280 was provided for during the year (2003: £3,675,050).

Directors and Directors' Interests

The Directors who served during the year were:

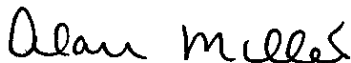
Keith M Miller
Alan T Miller

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

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



Alan T Miller
Company Secretary

15th September 2005

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.

Independent Auditors' Report to the Members of Pennant Vehicle Leasing Limited

We have audited the financial statements on pages 4 to 12.

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

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

16th September 2005

Profit and Loss Account
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
Turnover	2	4,743,006	6,333,071
Cost of sales		(4,151,823)	(5,708,928)
Gross profit		591,183	624,143
Administrative expenses		(516,662)	(727,518)
Operating profit / (loss)	3	74,521	(103,375)
Net interest payable	6	(13,697)	(39,080)
Profit / (loss) before taxation		60,824	(142,455)
Taxation	7	(55,000)	16,000
Profit / (loss) for the financial year		5,824	(126,455)
Dividend proposed		(583,280)	(3,675,050)
Transferred from reserves		(577,456)	(3,801,505)
Retained profit brought forward		1,380,580	5,182,085
Retained profit carried forward		803,124	1,380,580

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

Balance Sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	503,026	700,902
Current assets			
Debtors	9	1,005,280	1,204,191
Cash in hand and at bank		583,807	453,683
		1,589,087	1,657,874
Creditors: amounts falling due within one year	11	(832,479)	(394,867)
Net current assets		756,608	1,263,007
Total assets less current liabilities		1,259,634	1,963,909
Creditors: amounts falling due after more than one year	12	(329,510)	(483,329)
Provisions for liabilities and charges	10	(27,000)	-
Net assets		903,124	1,480,580
Capital and reserves			
Called up share capital	13	100,000	100,000
Profit and loss account		803,124	1,380,580
Equity shareholders' funds	14	903,124	1,480,580

These accounts were approved by the Board of Directors on 15th September 2005 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.

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 17.

Turnover

Turnover comprises invoiced sales from vehicle leasing operations, the value of work done during the year.

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:

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.

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.

2. Turnover

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

	2004 £	2003 £
Hire of plant and vehicles	4,743,006	6,036,542
Contracting	-	296,529
	<hr/>	<hr/>
	4,743,006	6,333,071
	<hr/>	<hr/>

3. Operating Profit

	2004 £	2003 £
<i>This is stated after charging/(crediting) the following:</i>		
Depreciation - owned assets	190,528	249,576
- assets held under finance leases	-	-
Operating lease rentals - hire of plant and equipment	2,084,755	2,257,688
- other	65,000	65,000
Auditors' remuneration - audit fees	5,000	5,000
- other fees	3,000	3,000
Gain on disposal of fixed assets	(37,254)	(27,348)
	<hr/>	<hr/>

Notes (continued)**4. Remuneration of Directors**

	2004 £	2003 £
Directors' emoluments	75,652	68,511

Retirement benefits are accruing one director (2003: one) under defined benefit pension schemes.

5. Staff Numbers and Costs

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

	2004 Number	2003 Number
Operators	6	16
Administration	8	14
	<u>14</u>	<u>30</u>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	303,030	656,151
Social security costs	27,828	57,454
Other pension costs	40,787	61,884
	<u>371,645</u>	<u>775,489</u>

6. Net Interest Payable

	2004 £	2003 £
Interest receivable from group undertaking	20,669	4,773
Finance charges on leased assets	(34,366)	(43,853)
	<u>(13,697)</u>	<u>(39,080)</u>

Notes (continued)**7. Taxation***Analysis of tax charge in the period*

	2004 £	2003 £
<i>Deferred tax (see note 10)</i>		
Origination/reversal of timing differences	55,000	(16,000)

Factors reflecting the tax charge for the current year

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003 30%). The differences are explained below.

	2004 £	2003 £
Current tax reconciliation		
Profit on ordinary activities before tax	60,824	(142,455)
Current tax at 30%	18,247	(42,737)
Effects of:		
Fixed asset timing differences	2,362	(13,714)
Expenses not deductible for tax purposes	27,969	159
Group relief for which no consideration is given	(30,331)	56,292
	-	-

8. Tangible Assets

	Leasehold improvements £	Plant, Equipment And Vehicles £	Total £
<i>Cost</i>			
At 31 December 2003	64,300	1,764,432	1,828,732
Disposals	-	(236,523)	(236,523)
At 31 December 2004	64,300	1,527,909	1,592,209
<i>Depreciation</i>			
At 31 December 2003	51,440	1,076,390	1,127,830
Charge for the year	6,430	184,098	190,528
Disposals	-	(229,175)	(229,175)
At 31 December 2004	57,870	1,031,313	1,089,183
<i>Net book value</i>			
At 31 December 2004	6,430	496,596	503,026
At 31 December 2003	12,860	688,042	700,902

Notes (continued)**8. Tangible Assets (Continued)**

Included in the net book value of Plant, Equipment and Vehicles is £439,237 (2003: £579,474) in respect of assets held under Hire Purchase contracts. Depreciation for the year on these assets was £129,982 (2004: £133,508).

9. Debtors

	2004 £	2003 £
Trade debtors	647,750	735,021
Amounts recoverable on contracts	2,000	12,350
Amount owed by group undertakings	168,455	218,104
Prepayments and accrued income	187,075	210,716
Deferred tax asset	-	28,000
	<u>1,005,280</u>	<u>1,204,191</u>

10. Deferred tax

	£
At beginning of year	(28,000)
Charged to the profit and loss account for the year	55,000
	<u>27,000</u>
At end of year	27,000

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	42,973	110,877
Other taxes	64,358	42,071
Obligations under hire purchase contracts / finance leases	134,768	132,414
Amounts owed to group undertakings	583,280*	89,938
Accruals and deferred income	7,100	19,567
	<u>832,479</u>	<u>394,867</u>

*Relates to dividend

Notes (continued)**12. Creditors:** amounts falling due after more than one year

	2004 £	2003 £
Obligations under hire purchase contracts / finance leases	329,510	483,329

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

	2004 £	2003 £
Within one year	134,768	132,414
Two to five years	329,510	483,329
	464,278	615,743

13. Share Capital

	2004 £	2003 £
Equity		
<i>Authorised, allotted, called up and fully paid</i>		
400,000 Ordinary shares of 25p each	100,000	100,000

14. Reconciliation of Movements in Equity Shareholders' Funds

	2004 £	2003 £
Profit / (loss) for the financial year	5,824	(126,455)
Dividend proposed	(583,280)	(3,675,050)
Net reduction in shareholders' funds	(577,456)	(3,801,505)
Opening shareholders' funds	1,480,580	5,282,085
Closing shareholders' funds	903,124	1,480,580

Notes (continued)**15. Commitments**

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

	2004		2003	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	622,451	-	871,640
In the second to fifth years inclusive	-	533,736	-	1,158,035
Over five years	-	-	65,000	-
	<u>65,000</u>	<u>1,156,187</u>	<u>65,000</u>	<u>2,029,675</u>

16. 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.

17. 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.