



PENNANT PLANT LIMITED
REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1990
(Registration SC48123)

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the accounts of the company for the year ended 31 December 1990.

Business Review and Future Developments

The principal activity of the company is plant and vehicle hire. There has been no change in activity during the year and both the level of business and the year end financial position are considered satisfactory.

The directors are looking to maintain and develop both existing and new customers in 1991.

Results and Dividends

The results for the year are set out in the profit and loss account on page 3.

The directors recommend payment of a dividend for the year of £93,977.

Directors

The directors of the company during the year were:

KM Miller
JWL Hadden
GRC Scott

None of the directors had any interests in the shares of the company during the year. The interests of Mr KM Miller and Mr GRC Scott in shares of The Miller Group Limited, the parent company, are shown in the accounts of that company.

Auditors

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

By Order of the Board

Alan Miles

Secretary

Edinburgh

11 March 1991



Peat Marwick McLintock

33-34 Charlotte Square
Edinburgh EH2 4HF

2.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PENNANT PLANT LIMITED**

We have audited the accounts on pages 3 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

Chartered Accountants

11 March 1991

PENNANT PLANT LIMITED**3.****PROFIT AND LOSS ACCOUNT****for the year ended 31 December 1990**

	<u>Notes</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Turnover	2	5,695,280	4,756,866
Cost of sales		(4,619,103)	(4,053,632)
Gross profit		1,076,177	703,234
Administrative expenses		(532,125)	(479,699)
Other operating income		356,385	493,889
Interest receivable		-	1,655
Interest payable and similar charges	5	(524,530)	(452,883)
Profit on ordinary activities before taxation	3	375,907	266,196
Tax on profit on ordinary activities	6	(131,529)	(74,188)
Profit on ordinary activities after taxation		244,378	192,008
Proposed dividend		93,977	66,566
Profit for the year retained		150,401	125,442
Retained profit brought forward		1,019,134	893,692
Retained profit carried forward		<u>1,169,535</u>	<u>1,019,134</u>

The notes on pages 6 to 10 form part of these accounts.

PENNANT PLANT LIMITED
4.
BALANCE SHEET
at 31 December 1990

	<u>Notes</u>	<u>1990</u> £	<u>1989</u> £
Fixed assets			
Tangible assets	7	5,030,315	5,038,077
Current assets			
Stocks	8	7,994	75,951
Debtors	9	641,616	389,273
Cash in hand		130	560
		649,740	465,784
Creditors: Amounts falling due within one year	10	(4,203,665)	(3,915,679)
Net current liabilities		(3,553,925)	(3,449,895)
Total assets less current liabilities		1,476,390	1,588,182
Creditors: Amounts falling due after more than one year			
Obligations under finance leases		(64,813)	(244,148)
Provisions for liabilities and charges			
Deferred taxation	11	(142,042)	(224,900)
Net assets		<u>1,269,535</u>	<u>1,119,134</u>
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account		1,169,535	1,019,134
		<u>1,269,535</u>	<u>1,119,134</u>

The notes on pages 6 to 10 form part of these accounts.

Kath. de. Heller

Director

PENNANT PLANT LIMITED

5.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31 December 1990

	<u>1990</u> £	<u>1989</u> £
Source of funds		
Profit on ordinary activities before taxation	375,907	266,196
Adjustments for items not involving the movement of funds:		
Depreciation	1,880,750	1,686,229
Gain on sale of tangible fixed assets	(356,385)	(493,889)
	<hr/>	<hr/>
Funds generated from operations	1,900,272	1,458,536
Funds from other sources		
Proceeds of sale of tangible fixed assets	988,299	1,272,181
	<hr/>	<hr/>
	2,888,571	2,730,717
	<hr/>	<hr/>
Application of funds		
Corporation tax paid less recovered	15,221	103,306
Dividend paid	66,566	40,500
Acquisition of tangible fixed assets	2,504,902	3,200,573
Decrease in creditors falling due after more than one year	179,335	262,642
	<hr/>	<hr/>
	2,766,024	3,607,021
	<hr/>	<hr/>
Increase(decrease) in working capital	<u>122,547</u>	<u>(876,304)</u>
Components of increase(decrease) in working capital		
Stocks	(67,957)	(14,293)
Debtors	252,343	(254,720)
Creditors falling due within one year	(261,462)	109,182
	<hr/>	<hr/>
	(77,076)	(159,831)
	<hr/>	<hr/>
Movement in net liquid funds:		
Decrease(increase) in bank overdraft	200,053	(716,635)
(Decrease)increase in cash at bank and in hand	(430)	162
	<hr/>	<hr/>
	199,623	(716,473)
	<hr/>	<hr/>
	<u>122,547</u>	<u>(876,304)</u>

NOTES TO THE ACCOUNTS

1. Accounting policies

(a) Basis of accounting:

All items are stated in the accounts under the historical cost basis and in accordance with applicable accounting standards.

(b) Stock and work in progress:

Stock and work in progress are valued at the lower of cost and net realisable value.

(c) 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.

(d) 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.

(e) 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.

2. Turnover

This comprises invoiced sales during the year, excluding value added tax.

Turnover and profit on ordinary activities before taxation are attributable to one class of business, hire of plant and vehicles. Turnover relates entirely to sales in the United Kingdom.

NOTES TO THE ACCOUNTS (Contd)

3. Profit on ordinary activities before taxation

	<u>1990</u> £	<u>1989</u> £
This is stated after charging(crediting) the following:		
Gain on sale of tangible fixed assets	(356,385)	(493,889)
Depreciation:		
Assets held under finance leases	256,104	315,083
Other assets	1,624,646	1,371,146
Operating lease rentals:		
Hire of plant and equipment	77,526	27,435
Other	22,467	35,554
Auditors' remuneration	<u>6,400</u>	<u>5,300</u>
Directors' remuneration:		
Fees	-	200
Other emoluments	42,886	22,521
	<u>42,886</u>	<u>22,721</u>
Chairman's emoluments	<u>-</u>	<u>100</u>
Highest paid director	<u>38,823</u>	<u>20,746</u>
Other director	<u>-</u>	<u>-</u>

4. Staff numbers and costs

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

	<u>1990</u> Number	<u>1989</u> Number
Operators	48	54
Administration	16	18
	<u>64</u>	<u>72</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	843,808	876,646
Social security costs	74,239	74,732
Other pension costs	12,677	22,907
	<u>930,724</u>	<u>974,285</u>

NOTES TO THE ACCOUNTS (Contd)

5. Interest payable and similar charges

	<u>1990</u> £	<u>1989</u> £
Bank overdraft interest	476,601	388,189
Finance charges on leased assets	47,929	64,694
	<u>524,530</u>	<u>452,883</u>

6. Tax on profit on ordinary activities

Current year:		
Corporation tax at 34.25% (1989, 35%)	214,387	15,221
Transfer (from)to deferred taxation	(94,280)	78,800
	<u>120,107</u>	<u>94,021</u>
Adjustments for previous years:		
Corporation tax	-	(4,633)
Deferred taxation	11,422	(15,200)
	<u>131,529</u>	<u>74,188</u>

7. Tangible fixed assets

	<u>Plant, equipment and vehicles</u>			
	<u>Leasehold</u> <u>improvements</u> £	<u>Leased</u> £	<u>Owned</u> £	<u>Total</u> £
Cost:				
At 1 January 1990	-	1,399,230	7,847,950	9,247,180
Additions at cost	87,136	172,000	2,245,766	2,504,902
Disposals	-	(363,000)	(1,623,271)	(1,986,271)
	<u>87,136</u>	<u>1,208,230</u>	<u>8,470,445</u>	<u>9,765,811</u>
At 31 December 1990	87,136	1,208,230	8,470,445	9,765,811
Depreciation:				
At 1 January 1990	-	700,492	3,508,611	4,209,103
Charge for year	-	256,104	1,624,646	1,880,750
On disposals	-	(263,008)	(1,091,349)	(1,354,357)
	<u>-</u>	<u>693,588</u>	<u>4,041,908</u>	<u>4,735,496</u>
At 31 December 1990	-	693,588	4,041,908	4,735,496
Net book value:				
At 31 December 1990	<u>87,136</u>	<u>514,642</u>	<u>4,428,537</u>	<u>5,030,315</u>
At 31 December 1989	<u>-</u>	<u>698,738</u>	<u>4,339,339</u>	<u>5,038,077</u>

NOTES TO THE ACCOUNTS (Contd)

8. Stocks

	<u>1990</u> £	<u>1989</u> £
Consumables	7,994	2,138
Short-term contract work in progress after progress payments	-	73,813
	<u>7,994</u>	<u>75,951</u>

9. Debtors

Amounts falling due within one year:		
Trade debtors	135,089	128,606
Amounts recoverable on contracts	213,583	62,538
Amounts owed by fellow subsidiary undertakings	123,163	107,959
Prepayments and accrued income	89,692	90,170
	<u>561,527</u>	<u>389,273</u>
Amounts falling due after more than one year:		
Trade debtors	80,089	-
	<u>641,616</u>	<u>389,273</u>

10. Creditors: Amounts falling due within one year

Bank overdraft	2,918,549	3,118,602
Trade creditors	405,432	295,410
Amount owed to parent company	217,041	97,109
Corporation tax	214,387	15,221
Other taxes	26,717	10,215
Obligations under finance leases	285,853	267,994
Accruals and deferred income	41,709	44,562
Proposed dividend	93,977	66,566
	<u>4,203,665</u>	<u>3,915,679</u>

11. Deferred taxation

The amount provided for deferred taxation is the full potential liability at 33% (1989, 35%). Of the liability, £130,913 (1989, £205,100) relates to accelerated capital allowances and £11,129 (1989, £19,800) to other timing differences.

12. Share capital

	<u>1990</u> £	<u>1989</u> £
Authorised, allotted, called up and fully paid: 400,000 Ordinary shares of 25p each	<u>100,000</u>	<u>100,000</u>

NOTES TO THE ACCOUNTS (Contd)

13. Lease commitments

The company has a commitment under an operating lease in respect of land and buildings to make payments totalling £39,000 (1989, £35,554) in the year to 31 December 1991.

14. Pensions

The company participates in The Miller Group Limited 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.

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

15. Approval of accounts

These accounts were approved by the Board of Directors on 11 March 1991.

16. Ultimate parent company

The company's ultimate parent company is The Miller Group Limited, which is registered in Scotland.