

Pennant Plant Limited

Directors' report and accounts

31 December 1996

Registered number SC48123

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Pennant Plant Limited

Report of the directors

The directors present their report and the audited accounts for the year ended 31 December 1996.

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 and propose that the profit for the year of £26,342 (1995 - £8,535 loss) be transferred to reserves.

Directors and directors' interests

The directors who served during the year were:

KM Miller
JWL Hadden
RA Clarke

None of the directors had any interests in the shares of the company during the year and JWL Hadden and RA Clarke did not have any interest in the share capital of other group undertakings.

The interests of KM 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 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



AT Miller
Secretary
Edinburgh

8 April 1997

Pennant Plant Limited

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.



Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Report of the auditors to the members of Pennant Plant Limited

We have audited the accounts on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1996 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

8 April 1997

Pennant Plant Limited

Profit and loss account

for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	8,290,562	4,239,105
Cost of sales		(7,631,988)	(3,841,164)
		<hr/>	<hr/>
Gross profit		658,574	397,941
Administrative expenses		(810,830)	(315,632)
Other operating income		617,265	73,612
		<hr/>	<hr/>
Operating profit	3	465,009	155,921
Interest payable and similar charges		(438,667)	(164,456)
		<hr/>	<hr/>
Profit/(loss) for the financial year		26,342	(8,535)
Loss brought forward		(8,535)	-
Loan waiver		2,243,026	-
		<hr/>	<hr/>
Profit/(loss) carried forward		2,260,833	(8,535)
		<hr/>	<hr/>

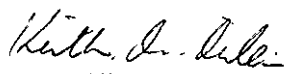
Other than the profit for the year there were no other recognised gains or losses.

Pennant Plant Limited

Balance sheet at 31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	7	5,360,968	5,620,746
Current assets			
Debtors	8	711,862	1,378,051
Cash in hand		558	100
		<u>712,420</u>	<u>1,378,151</u>
Creditors: amounts falling due within one year	9	(3,188,363)	(4,306,535)
Net current liabilities		<u>(2,475,943)</u>	<u>(2,928,384)</u>
Total assets less current liabilities		2,885,025	2,692,362
Creditors: amounts falling due after more than one year	10	(524,192)	(2,600,897)
Net assets		<u>2,360,833</u>	<u>91,465</u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account		2,260,833	(8,535)
Shareholders' funds		<u>2,360,833</u>	<u>91,465</u>

These accounts were approved by the board of directors on 8 April 1997 and were signed on its behalf by:


KM Miller
Director

Pennant Plant Limited

Notes

(forming part of the accounts)

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 1996), 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.

Stock and work in progress

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

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.

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.

2 Turnover

Turnover 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 and contracting. Turnover relates entirely to sales in the United Kingdom.

Pennant Plant Limited

Notes (continued)

3	Operating profit	1996 £	1995 £
	<i>This is stated after charging the following:</i>		
	Depreciation - owned assets	2,479,323	1,037,060
	- assets held under finance leases	250,850	112,362
	Operating lease rentals - hire of plant and equipment	173,176	118,284
	- other	39,626	15,216
	Auditors' remuneration - audit fees	5,200	2,500
	- other fees	6,205	2,230

4 Directors' remuneration

Fees	-	-
Emoluments	57,069	19,954
Pension contributions	10,272	4,217
	<u>67,341</u>	<u>24,171</u>

Chairman's emoluments

-

Highest paid directors's emoluments

67,341 24,171

Directors' emoluments:

		Number	Number
£nil	- £ 5,000	2	2
£15,001	- £20,000	-	1
£55,001	- £60,000	1	-

5 Staff numbers and costs

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

	1996 Number	1995 Number
Operators	50	53
Administration	23	22
	<u>73</u>	<u>75</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,167,083	534,409
Social security costs	102,783	43,650
Other pension costs	30,637	15,943
	<u>1,300,503</u>	<u>594,002</u>

Pennant Plant Limited

Notes (continued)

6 Interest payable and similar charges

	1996	1995
	£	£
Interest payable to group undertaking	378,891	143,772
Finance charges on leased assets	59,776	20,684
	<u>438,667</u>	<u>164,456</u>

7 Tangible assets

	Leasehold improvements £	Plant, equipment and vehicles		Total £
		Leased £	Owned £	
<i>Cost</i>				
At 31 December 1995	64,300	1,428,636	10,177,531	11,670,467
Group transfers	-	-	94,177	94,177
Additions	-	444,000	2,286,983	2,730,983
Disposals	-	(491,137)	(2,520,339)	(3,011,476)
	<u>64,300</u>	<u>1,381,499</u>	<u>10,038,352</u>	<u>11,484,151</u>
<i>Depreciation</i>				
At 31 December 1995	-	848,001	5,201,720	6,049,721
Charge for the year	6,430	250,850	2,472,893	2,730,173
Disposals	-	(486,066)	(2,170,645)	(2,656,711)
	<u>6,430</u>	<u>612,785</u>	<u>5,503,968</u>	<u>6,123,183</u>
<i>Net book value</i>				
At 31 December 1996	57,870	768,714	4,534,384	5,360,968
At 31 December 1995	64,300	564,285	4,992,161	5,620,746

Pennant Plant Limited

Notes (continued)

8	Debtors	1996 £	1995 £
	Trade debtors	464,970	281,798
	Amounts recoverable on contracts	-	738,216
	Amount owed by parent company	58,728	202,233
	Prepayments and accrued income	188,164	155,804
		<u>711,862</u>	<u>1,378,051</u>
9	Creditors: amounts falling due within one year		
	Bank overdraft	2,421,868	3,029,459
	Trade creditors	417,059	910,349
	Other taxes	108,081	176,855
	Obligations under finance leases	216,862	155,554
	Accruals and deferred income	24,493	34,318
		<u>3,188,363</u>	<u>4,306,535</u>
10	Creditors: amounts due after more than one year		
	Obligations under finance leases	524,192	357,871
	Amounts owed to parent company	-	2,243,026
		<u>524,192</u>	<u>2,600,897</u>
11	Share capital		
	<i>Authorised, allotted, called up and fully paid</i> 400,000 Ordinary shares of 25p each	<u>100,000</u>	<u>100,000</u>

Pennant Plant Limited

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit/(loss) for the financial year	26,342	(8,535)
Loan waiver	2,243,026	-
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Net addition to/(reduction in) shareholders' funds	2,269,368	(8,535)
Opening shareholders' funds	91,465	100,000
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,360,833</u>	<u>91,465</u>

13 Related party transactions

As a wholly owned subsidiary of The Miller Group Limited, advantage has been taken of the exemption granted by Financial Reporting Standard 8, Related Party Disclosures, not to report details of transactions with entities which are more than 90% controlled by a common parent company.

14 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.