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Accounts

CHART SERVICES PLC

for the 18 month period ended 30 September 1989



CHART SERVICES PLCDIRECTORS' REPORT

Directors: A J Murray, Chairman (resigned 13.3.1989)  
 D A Galloway, Chairman (appointed 13.3.1989)  
 S M Duff, Managing Director  
 G Homer  
 W McCreadie  
 E Mitchell  
 Prof M G Christopher (resigned 13.3.1989)  
 J D T Greenall (resigned 13.3.1989)  
 D Newman (resigned 13.3.1989)  
 N French (appointed 13.3.1989,  
 resigned 13.10.1989)

Secretary: W McCreadie (resigned 5.5.1989)  
 C B A Cormick (appointed 5.5.1989)

Registered Office: Whitehouse Road  
 Springkerse Industrial Estate  
 Stirling

The directors present their report together with the financial statements for the eighteen months to 30 September 1989.

RESULTS

	<u>£000</u>
The profit for the financial period amounts to:	1413
From which deduct:	
Dividends as detailed in Note 10 to the Accounts	<u>209</u>
Balance of profit to be added to reserves	<u>1204</u>

The directors recommend that no final dividend be paid.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the Company consist of the provision of a range of quality transport, distribution and logistics services to industry throughout the United Kingdom.

As noted below, the Company was acquired on 13 March 1989 by Chadmore Assets PLC which is jointly owned by Lombard North Central PLC and Lex Service PLC. As a result of this acquisition, the financial year end was changed to 30 September to be consistent with Lombard North Central PLC. It is intended that the activities of Chart Services PLC be merged during 1990 with those of Transfleet Services Limited, an existing joint venture between Lombard and Lex.

CHART SERVICES PLCDIRECTORS' REPORT (continued)

## SHARE CAPITAL

On 13 March 1989, 100% of the share capital of the Company was acquired by Chadmore Assets PLC.

Details of increases in share capital prior to this date are shown in Note 16 to the Accounts.

## FIXED ASSETS

During the period the Company acquired new hire vehicles at a cost of £29,148,000 (1988 : £13,314,000 - 12 months).

## DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of the Company are as follows:

	<u>30.9.1989</u>			<u>31.3.1988</u>		
	<u>Pref- erence</u>	<u>Ordinary</u>	<u>Options over ordinary shares</u>	<u>Pref- erence</u>	<u>Ordinary</u>	<u>Options over ordinary shares</u>
S M Duff	-	-	-	2200	14344	110000
G Homer	-	-	-	650	11781	38000
W McCreadie	-	-	-	-	4421	35000
E Mitchell	-	-	-	50	4160	30000

Under the employee share loan scheme, loans to directors were as follows:

	<u>Maximum balance during the period £</u>	<u>Balance at 30.9.89 £</u>
S M Duff	602	-
G Homer	1417	-
W McCreadie	1147	-
E Mitchell	1204	-

CHART SERVICES PLC

DIRECTORS' REPORT (continued)

Management fees were charged by the firms associated with some of the non-executive directors and the amounts involved are included as directors' emoluments as appropriate in Note 6 to the Accounts.

No other contract or arrangement entered into by the Company in which any director is interested has subsisted during the period.

As at 30 September 1989 none of the directors held any interests in the share capital of the Company's ultimate holding company, National Westminster Bank PLC.

EMPLOYEE INVOLVEMENT

It is a policy of the Company to increase employees' understanding of its main objectives and to encourage employees to identify with, and to share in, these objectives. In pursuit of this policy the Company keeps employees informed of financial progress.

DISABLED PERSONS

It is the Company's policy to give full consideration to suitable applications for employment from disabled persons.

Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

DONATIONS

Charitable donations were made during the year amounting to £215.

AUDITORS

Ernst & Whinney merged their practice with Arthur Young on 1 September 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name.

Ernst & Young have indicated that they are not seeking reappointment. Peat Marwick McLintock, group auditors, have indicated their willingness to act and, as a consequence, a resolution will be submitted at the annual general meeting to appoint them as auditors to the Company.

By order of the Board



C B A CORMICK  
Secretary

30<sup>th</sup> November 1989

REPORT OF THE AUDITORS TO THE MEMBERS OF CHART SERVICES PLC

We have audited the accounts set out on pages 5 to 20 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 September 1989 and of the profit and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Paul. Young*

Chartered Accountants  
Glasgow 30 November 1989

CHART SERVICES PLC

PROFIT & LOSS ACCOUNT

for the eighteen months ended 30 September 1989

	Note	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
Turnover	2/3	45,610	22,982
Operating Costs	4	39,642	20,063
Net Operating Income	5	5,968	2,919
Interest receivable	7	39	48
Interest payable	8	(3,808)	(1,317)
Profit before Taxation		2,199	1,650
Taxation	9	786	599
Profit for the Financial Period		1,413	1,051
Dividends	10	209	449
Retained Profit for the Period		1,204	602

STATEMENT OF RETAINED PROFITS

Balance at 31 March 1988	1,727	1,125
Retained Profit for the Period	1,204	602
Balance at 30 September 1989	2,931	1,727

CHART SERVICES PLCBALANCE SHEET

as at 30 September 1989

	Note	30.9.89 £000	31.3.88 £000
<b>Fixed Assets</b>			
Tangible assets	11	40,671	25,285
Investments	12	204	76
		<u>40,875</u>	<u>25,361</u>
<b>Current Assets</b>			
Stocks	13	366	253
Debtors	14	6,218	4,255
Cash at bank and in hand		3	2,288
		<u>6,587</u>	<u>6,796</u>
		<u>47,462</u>	<u>32,157</u>
<b>Capital and Reserves</b>			
Called up share capital	15	6,345	6,166
Other reserves	17	1,231	1,184
Profit and loss account		2,931	1,727
		<u>10,507</u>	<u>9,077</u>
<b>Provision for Liabilities and Charges</b>	18	2,865	2,147
<b>Creditors</b>	20	34,090	20,933
		<u>47,462</u>	<u>32,157</u>

*A. Huff*  
Director

*W. Z. Bussellie*  
Director

CHART SERVICES PLCSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the eighteen months ended 30 September 1989

	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
<b>SOURCE OF FUNDS</b>		
From Operations		
Profit before taxation	2,199	1,650
Items not involving the movement of funds:		
Depreciation and amortisation of tangible fixed assets	12,729	5,994
Provision for repairs and maintenance	54	27
Profit on sale of fixed assets	(1,519)	(435)
Total generated from operations	13,463	7,236
Other Sources		
Capital borrowings	19,392	12,308
Net proceeds of share issues	226	2,909
Proceeds of sale of tangible fixed assets	4,824	1,536
Loan from group Company	3,724	-
	41,629	23,989
<b>FUNDS APPLIED</b>		
Purchase of tangible fixed assets	31,420	13,916
Capital borrowings repaid	14,157	6,604
Dividend paid	509	289
Corporation tax paid	163	107
Purchase of investment	128	76
	46,377	20,992
(Decrease)/Increase in Working Capital	(4,748)	2,997
Arising from movements in:		
Stock	113	49
Debtors	1,963	770
Creditors (excluding capital borrowings)	(728)	(256)
Bank balances and cash	(6,096)	2,434
	(4,748)	2,997



## CHART SERVICES PLC

### NOTES ON THE ACCOUNTS

As at 30 September 1989

#### 1. Accounting Policies

##### (a) Accounting Convention

The accounts are prepared under the historical cost convention.

##### (b) Depreciation and Amortisation

Freehold land is not depreciated. The cost of other fixed assets is written off by equal monthly instalments over their expected useful lives or in the case of leasehold improvements, over the period of the lease or shorter relevant period.

Freehold buildings	50 years
Leasehold improvements	Period of lease or shorter relevant period
Hire vehicles	3-7 years
Plant and equipment	3-7 years

Construction in progress is not depreciated until commissioned.

##### (c) Assets financed by Lease and Hire Purchase Agreements

Where assets are financed by leasing agreements which give rights similar to ownership (finance leases) or by hire purchase agreements, the assets are treated as though they had been purchased outright and are depreciated in the same manner as owned assets.

The capital element of the payments due under these agreements is recorded as capital borrowings and amortised over the primary period of the lease. Finance costs are allocated during the term of the agreement so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

Rentals payable under operating lease agreements are charged on a straight-line basis over the lease term.

##### (d) Operating Lease Income

Hire vehicles which are hired to customers under operating lease agreements are shown separately in fixed assets.

##### (e) Repairs and Maintenance

A proportion of the income earned in the initial period of the lives of certain contract hire vehicles is provided for release against the higher maintenance costs anticipated in the later years of those vehicles' effective lives.

##### (f) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items, cost being the invoiced value of goods.

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989(g) Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(h) Pension Benefits

Pension benefits are funded over the employees' periods of service. The Company's contributions are based on the most recent actuarial valuation of the fund.

(i) Consolidation of Subsidiaries

Consolidated accounts have not been prepared because the Company is a wholly owned subsidiary of Chadmore Assets PLC and the directors believe there would be no benefit in preparing group accounts.

**2. Turnover**

Turnover consists of the value of sales, services and lease rental income exclusive of Value Added Tax. Included in turnover are operating lease rentals income of £30,922,000 - 18 months (1988 : £16,261,000 - 12 months).

**3. Analysis of Turnover and Profits between Activities and Markets**

The directors consider that the classes of business in which the Company operates do not differ substantially from each other, and that the Company supplies only one geographical market.

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989

4. Operating Costs	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
External charges	17,551	9,541
Staff costs:		
Wages and salaries	8,056	3,945
Social security costs	800	397
Other pension costs	506	187
	9,362	4,529
Depreciation:		
Owned	2,166	1,409
Leased/hire purchase assets	10,563	4,584
	12,729	5,993
Total Operating Costs	39,642	20,063
	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
5. Net Operating Income is stated after charging:		
Auditors' remuneration	36	20
Directors' remuneration (Note 6)	331	189
Allocation to Employee Share Scheme	-	57
Hire of plant and equipment	75	16
Operating lease rentals	493	391
Diminution in value of investments	161	-
Professional fees relating to acquisition	236	-

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989

	30.9.89 (18 months) £	31.3.88 (12 months) £
6. Emoluments of Directors and Higher Paid Employees		
(a) <u>Directors</u>		
Remuneration, including pension contributions	<u>331,194</u>	<u>189,025</u>
The emoluments, excluding pension contributions, of directors of the Company are detailed as follows:	£	£
Chairman - A J Murray - fees	8,763	8,550
- ex-gratia compensation for loss of office	30,000	-
- D A Galloway	-	-
Highest paid director	<u>93,805</u>	<u>61,462</u>
Other directors in scale	Number of Directors	
Not more than £5,000	4	4
£30,001 to £35,000	3	3
£35,001 to £40,000	<u>-</u>	<u>-</u>
(b) <u>Higher Paid Employees</u>		
The number of employees of the Company other than directors whose emoluments excluding pension contributions, exceeded £30,000 was as follows:		
£30,001 to £35,000	11	2
£35,001 to £40,000	4	-
£40,001 to £45,000	6	-
£45,001 to £50,000	-	-
£50,001 to £55,000	3	-
£55,001 to £60,000	<u>1</u>	<u>-</u>
7. Interest Receivable	30.9.89 (18 months) £000	31.3.88 (12 months) £000
Interest receivable on short-term deposits	39	48

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

8. Interest Payable	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
Repayable within 5 years:		
Bank overdraft	310	39
Leasing and hire purchase finance:		
Lombard North Central Group	789	357
Other	2,709	921
	<u>3,808</u>	<u>1,317</u>
	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
9. Taxation		
The charge for the period comprises:		
Deferred taxation provided (see Note 19)		
Current period	603	587
Adjustments in respect of prior years	-	(4)
	<u>603</u>	<u>583</u>
Current taxation at 35%		
Current period	185	16
Adjustments in respect of prior years	(2)	-
	<u>786</u>	<u>599</u>
10. Dividends	30.9.89 (18 Months) £000	31.3.88 (12 Months) £000
Preference dividend - paid	34	34
- payable	-	12
Ordinary dividend - paid 3.0p per share (1988 2.0p)	175	115
- proposed (1988 5.0p per share)	-	288
	<u>209</u>	<u>449</u>

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989

## 11. Tangible Fixed Assets

	Freehold Properties £000	Short Leasehold Improve- ments £000	Hire Vehicles £000	Plant & Machinery £000	Total £000
Cost at 31.3.88	1,702	115	34,493	1,521	37,831
Additions during period	1,062	114	29,148	1,096	31,420
Cost of disposals	-	-	(10,841)	(128)	(10,969)
Cost at 30.9.89	2,764	229	52,800	2,489	58,282
Depreciation at 31.3.88	111	40	11,663	730	12,546
Charge for period	62	62	12,091	514	12,729
Relating to disposals	-	-	(7,546)	(118)	(7,664)
Depreciation at 30.9.89	173	104	16,208	1,126	17,611
Net book amount at 30 September 1989	2,591	125	36,592	1,363	40,671
Net book amount at 31 March 1988	1,591	73	22,830	791	25,285

The net book amount of Company fixed assets at 30 September 1989 comprises:

	Freehold Properties		Short Leasehold Improvements	
	30.9.89 £000	31.3.88 £000	30.9.89 £000	31.3.88 £000
Land	434	380	-	-
Buildings	2,157	1,194	125	73
Construction in progress	-	17	-	-
	2,591	1,591	125	73
	Hire Vehicles		Plant & Machinery	
	30.9.89 £000	31.3.88 £000	30.9.89 £000	31.3.88 £000
Owned	7,288	2,065	1,363	750
Leased/Hire Purchase	25,460	20,409	-	1
Construction in progress	2,084	356	-	38
	36,592	22,830	1,363	791

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

12. Fixed Asset Investments	30.9.89	31.3.88
	£000	£000
Subsidiary companies:		
Shares at cost	1,354	1,079
Less: provisions	1,150	1,003
	<u>204</u>	<u>76</u>

On 4 August 1988, Chart Services PLC subscribed 79% of the ordinary share capital of Elect Direct Limited, incorporated in England, (now renamed Chart Elect Direct Limited) at a cost of £147,000. Following a serious fire on 25 January 1989 which completely destroyed the premises of Chart Elect Direct Ltd, the company ceased trading on 17 March 1989. The cost of investment is fully provided.

The Company increased its investment in Chart Hire Services (N.I.) Limited during the period, maintaining an equity holding of 51%. On 1 November 1988, Chart Services PLC subscribed at par 51,000 ordinary shares of £1 each, and on 4 September 1989 subscribed at par a further 51,000 ordinary shares of £1 each. Chart Hire Services (N.I.) Limited is registered in Northern Ireland.

Other subsidiaries were dormant throughout the financial period.

## 13. Stocks

Stocks comprise new materials and consumables, being vehicle spare parts and fuel.

## 14. Debtors

	30.9.89	31.3.88
	£000	£000
Due within one year:		
Trade debtors	3,981	3,077
Amounts owed from group companies	645	61
Other debtors	38	90
Prepayments and accrued income	1,533	993
Loans to employees to purchase		
Company shares	21	34
	<u>6,218</u>	<u>4,255</u>

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

15. Called Up Share Capital	Authorised 30.9.89 £000	31.3.88 £000	Allotted & Fully Paid 30.9.89 £000	31.3.88 £000
11.5% cumulative convertible redeemable preference shares of £1 each	-	400	-	400
Ordinary shares of £1 each	6,900	6,500	6,345	5,766
	<u>6,900</u>	<u>6,900</u>	<u>6,345</u>	<u>6,166</u>

The following share issues took place during the eighteen months:

Date	Number of £1 Ordinary Shares Issued	Issue Price
15 August 1988	51,070	£1.70
18 January 1989	5,000	£1.20
6 April - 19 April 1989	28,000	£1.20
6 April - 19 April 1989	95,000	£1.05

The premiums arising were credited to the share premium account.

## 16. Share Subscription and Conversion Rights

The preference shares were converted into ordinary shares at par on 10 August 1989.

The following options which had been granted under the Executive Share Option Scheme were exercised during the period.

Number of Shares	Date Exercised	Subscription Price
5,000	18 January 1989	£1.20
20,000	6 April - 19 April 1989	£1.20
95,000	6 April - 19 April 1989	£1.05

No options remained outstanding at 30 September 1989.



CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989

## 17. Other Reserves

	Share Premium £000
At 31 March 1988	1,184
Premium arising on issue of shares during the period	47
At 30 September 1989	<u>1,231</u>

The above reserves are not distributable.

## 18. Provisions for Liabilities and Charges

	30.9.89 £000	31.3.88 £000
Deferred taxation (Note 19)	2,249	1,585
Other provisions:		
Repairs & maintenance	616	562
	<u>2,865</u>	<u>2,147</u>

## 19. Deferred Taxation

The amounts provided for deferred taxation and the full potential liability calculated by the liability method at a rate of 35% are set out below.

	1989		1988	
	Amount Provided £000	Full Potential Liability £000	Amount Provided £000	Full Potential Liability £000
Excess of capital allowances and capital lease repayments over related depreciation	2,632	2,863	2,026	2,245
Other timing differences and taxation losses	(18)	(18)	(15)	(42)
	<u>2,614</u>	<u>2,845</u>	<u>2,011</u>	<u>2,203</u>
Less: Advance Corporation Tax	(365)	(365)	(426)	(426)
	<u>2,249</u>	<u>2,480</u>	<u>1,585</u>	<u>1,777</u>

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)  
As at 30 September 1989

## 20. Creditors

	1989 £000	1988 £000
Current portion of capital borrowings (see Note 21)	9,611	7,046
Trade creditors	1,659	1,301
Corporation tax	54	95
Other taxation and social security	292	309
Other creditors	350	249
Accruals	774	517
Proposed dividend	-	300
Amount owed to group companies:		
Bank overdraft	3,811	-
Term loan	3,724	-
Other	30	1
	-----	-----
Amounts falling due within one year	20,305	9,818
Capital borrowings falling due after more than one year (see Note 21)	13,785	11,115
	-----	-----
	34,090	20,933
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The term loan of £3,724,000 is from Lombard North Central PLC and is repayable within one year.

## 21. Capital Borrowings

	1989 £000	1988 £000
Capital borrowings which comprise:		
Amounts borrowed on finance lease and hire purchase agreements	40,467	30,721
Amounts repaid	17,071	12,560
	-----	-----
At 30 September 1989	23,396	18,161
Less: Current portion (see Note 20)	9,611	7,046
	-----	-----
	13,785	11,115
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CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

Amounts repayable under finance lease and hire purchase commitments after more than one year are:

	1989 £000		1988 £000
1990-91	7,531	1989-90	5,502
1991-92	3,638	1990-91	3,686
1992-93	1,914	1991-92	1,296
1993-94	652	1992-93	631
	<u>13,785</u>		<u>11,115</u>

Within the capital borrowings are amounts due to Lombard North Central Group and which comprise:

	1989 £000	1988 £000
Within 1 year	2,264	1,062
Within 2 - 5 years	4,226	1,972
	<u>6,490</u>	<u>3,034</u>

## 22. Capital Commitments

At 30 September 1989 the directors have authorised future capital expenditure which amounts to:

	1989 £000	1988 £000
Contracted	4,098	1,656
Not contracted	6,491	1,011
	<u>10,589</u>	<u>2,667</u>

CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

## 23. Contingent Liabilities

The Company has guaranteed the borrowings of Chart Hire Services (N.I.) Limited. At 30 September 1989 these borrowings totalled £621,000. The Company has a counter-indemnity from A S Baird Limited for 49% of the above borrowings.

The Company has guaranteed to meet all known liabilities of Chart Elect Direct Ltd, which ceased to trade on 17 March 1989.

## 24. Operating Leases

The annual commitment under non-cancellable operating leases due to be made in the year to 30 September 1990 is as detailed below:

	Land and Buildings £000	Other Operating Leases £000
Leases expiring:		
Within one year	170	47
Within two to five years	77	234
Thereafter	154	-
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	401	281
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## 25. Commitments to Pension Fund

Contributions to the Company's contributory pension scheme are based on the most recent triennial actuarial valuation and are charged to revenue as incurred.

## 26. Employees

The average number of employees of the Company in each week in the year was 454 and may be analysed as follows:

	1989 Number	1988 Number
Vehicle hire and contract distribution	227	175
Workshops	128	107
Administration	99	75
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	454	357
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CHART SERVICES PLCNOTES ON THE ACCOUNTS (continued)

As at 30 September 1989

27. Holding Company

The directors consider National Westminster Bank PLC, a Company registered in Great Britain, to be the ultimate holding Company.