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C. REES & SONS (PLANT HIRE) LIMITED

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REPORT OF THE DIRECTORS
ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1981

The Directors, herewith, submit their Annual Report on the Audited Financial Statements for its financial year ended on 31st March, 1981.

The principal activity of the Company during the financial year continues to be the hiring-out of plant and equipment with operator provided. Since the Balance Sheet date, however, the Company has diversified its activities to include the extraction and sale of coal.

The state of the Company's affairs is as set out in the Financial Statements on Pages 3 to 8. The results for the year have proven to be unsatisfactory, but the Directors are of the opinion that the results for the ensuing financial year will be healthier.

No dividend was recommended for the year as, in the opinion of the Directors, it would be prejudicial to the requirements of the Company's business.

No goods were exported from the United Kingdom during the year.

Details of changes in fixed assets are given in Note 4 to the Financial Statements and include the scrapping of two Motor Vehicles.

The Directors and their interests in the Company's £1 Shares throughout the year were:-

Ordinary Shares	<u>Number Held</u>	
	<u>1981</u>	<u>1980</u>
Mrs. A.J. Rees	NIL	NIL
C.T. Rees	33	33
M. Rees	33	33

The auditors Owen A. Parry & Co., offer themselves, and are recommended, for re-appointment under the provisions of Section 14(1) Companies Act, 1976.

By Order of the Board:

A.J. Rees
.....

Secretary

30th October, 1981.

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AUDITORS' REPORT TO THE MEMBERS OF
C. REES & SONS (PLANT HIRE) LIMITED

We have audited the financial statements on Pages 3 to 8. Our audit was conducted in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

In common with many business of similar size and organisation the Company's system of control is dependent upon the close involvement of the Directors (who are major shareholders). Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of the Company's affairs at 31st March 1981 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

CHARTERED ACCOUNTANTS.

Cornhill Chambers,
Christina Street,
SWANSEA. SA1 4ER.

30th October, 1981.

PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st MARCH, 1981

	<u>1980</u>	
	<u>£</u>	<u>£</u>
Turnover, being the amount receivable from Plant hired out	£ 27,979	£ 51,294
Operating Loss (Profit - 1980)	12,529	4,712
After Charging -		
Directors' Emoluments as Executives -		
Mrs. A.J. Rees	1,116	1,140
C.T. Rees, Esq.	3,640	4,356
M. Rees, Esq.	3,120	4,092
	<u>7,876</u>	<u>9,588</u>
Depreciation	1,153	1,165
Auditors' Remuneration	240	175
Plant Hire	11,218	11,218
	<u>20</u>	<u>10</u>
Fixed Asset Scrap Loss		
Loss before Taxation (Profit - 1980)	12,549	4,702
<u>Deduct:</u>		
Taxation based on Results for the year -		
Corporation Tax (Note 3)		
Loss after Taxation (Profit - 1980)	12,549	4,702
<u>Add:</u>		
Losses, brought forward	11,318	15,239
V.A.T. Charge of Past	-	781
	<u>11,318</u>	<u>(16,020)</u>
Losses, carried forward	£ 23,867	£ 11,318

C. REES & SONS (PLANT HIRE) LIMITEDBALANCE SHEET31st MARCH, 1981

			<u>1980</u>	
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>EMPLOYMENT OF CAPITAL:</u>				
<u>FIXED ASSETS</u>	4	1,124	2,297	
<u>FORMATION EXPENSES</u>		70	70	
<u>CURRENT ASSETS:</u>				
Trade and Other Debtors		4,822	21,287	
<u>Deduct:</u>				
<u>CURRENT LIABILITIES:</u>				
Trade and Other Creditors		9,177	9,849	
Bank Overdraft (Secured) 7		7,822	13,202	
		<u>16,999</u>	<u>23,051</u>	
<u>NET CURRENT LIABILITIES</u>		(12,177)	(1,764)	
Below -		<u>£(10,983)</u>	<u>£ 603</u>	
<u>CAPITAL EMPLOYED:</u>				
<u>SHARE CAPITAL</u>	5	66	66	
<u>REVENUE RESERVE:</u>				
Adverse Balance on Profit and Loss Account		(23,867)	(11,310)	
		<u>(23,801)</u>	<u>(11,252)</u>	
<u>LONG-TERM LIABILITIES</u>	6	12,818	11,855	
Above -		<u>£(10,983)</u>	<u>£ 603</u>	

Signed on Behalf of the Board:-

L. J. Rees
M. Rees

Directors

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st MARCH, 1981

	<u>1980</u>	
	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS:</u>		
Loss before Taxation	(12,549)	4,712
Adjustments for items not involving the movement of funds -		
Depreciation	1,153	1,165
Loss on scrapping of Motor Vehicles	20	-
V.A.T. of prior years	-	(781)
	<u>1,173</u>	<u>384</u>
<u>TOTAL GENERATED (ABSORBED) FROM OPERATIONS</u>	(11,376)	5,096
<u>FUNDS FROM OTHER SOURCES -</u>		
Directors' Loans received	963	9,251
	<u>963</u>	<u>9,251</u>
Below -	£(10,413)	£ 14,347
<u>INCREASE/(DECREASE) IN WORKING CAPITAL:</u>		
Decrease in Trade and Other Debtors	(16,465)	14,079
Decrease in Trade and Other Creditors	672	(863)
	<u>(15,793)</u>	<u>13,216</u>
<u>Movement in Net Liquid Funds:</u>		
Decrease in Bank Overdraft	5,380	1,131
	<u>5,380</u>	<u>1,131</u>
Above -	£(10,413)	£ 14,347

C. REES & SONS (PLANT HIRE) LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31st MARCH, 19811. Accounting Policies -(a) Depreciation -

Depreciation is provided on cost by the straight line method. The rates of depreciation are as follows:-

Plant Hire Equipment	25%
Implements and Machinery	15%
Motor Vehicles	25%

(b) Leasing -

Rentals on leasing agreement are accrued on a day by day basis.

2. Turnover -

Turnover represents sales to customers and excludes Value Added Tax.

3. Taxation -

Taxation Losses, yet to be agreed with the Inland Revenue, of £24,069 are available for set off against future profits.

4. Fixed Assets -

	<u>Plant Hire Equipment</u>	<u>Motor Vehicles</u>	<u>Implements & Machinery</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost				
At 1st April 1980	3,634	428	1,311	5,373
Disposals	"	20	"	20
At 31st March 1981	£ 3,634	408	1,311	£ 5,353
Accumulated Depreciation				
At 1st April 1980	2,243	300	533	3,076
Charge for the year	386	78	189	1,153
	£ 3,229	378	722	£ 4,229
N.B.V. 31st March 1981	£ 505	30	589	£ 1,124
N.B.V. 31st March 1980	£ 1,391	128	778	£ 2,297

C. REES & SONS (PLANT HIRE) LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31st MARCH, 19815. Share Capital -

The Authorised Share Capital is 25,000 shares of £1 each. 66 Ordinary Shares of £1 each have been issued and are fully paid.

6. Long-Term Liabilities -

	<u>31.3.81</u>	<u>31.3.80</u>
	<u>£</u>	<u>£</u>
Loans to Directors -		
Mrs. A.J. Rees	1,443	1,686
C.T. Rees, Esq.	4,983	4,155
M. Rees, Esq.	6,392	6,014
	<u>£ 12,818</u>	<u>£ 11,855</u>
	*****	*****

7. Bank Accounts -

The Bank Accounts are secured by:-

- (a) Sun Life Assurance Life Policy Number 1310644 - £1,000.
- (b) Deeds and Documents re Gellyluog, Rhydyfro, Pontardawe.
- (c) Deeds and Documents re Llettycrundd, Rhydyfro, Pontardawe.
- (d) Solicitors undertaking to forward a Building Society advance re Sale of piece of land at Gellyluog Farm.

8. Contingent Liabilities -

There are no contingent liabilities. (1980 - NIL)