

Company number: 3016454

**C F RECOVERY SERVICES
LIMITED**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1999



C F RECOVERY SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

Company registration number:	3016454
Registered Office:	Redburn Industrial Estate Redburn Road Newcastle upon Tyne NE5 1NB
Directors:	Mr F A Calvert Mr P C Calvert
Secretary:	Mrs P Calvert
Bankers:	Yorkshire Bank Plc 29 Pilgrim Street Newcastle upon Tyne NE1 6RL
Auditors:	Grant Thornton Registered Auditors Chartered Accountants Higham House Higham Place Newcastle upon Tyne NE1 8EE
Solicitors	Eversheds Sun Alliance House 35 Mosley Street Newcastle upon Tyne NE1 1XX

C F RECOVERY SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

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C F RECOVERY SERVICES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report together with financial statements for the year ended 31 March 1999.

Principal activity

The principal activity of the company is the provision of vehicle recovery and related services.

Business review

There was a profit for the year after taxation of £59,690 (1998 : £53,442).

The directors do not recommend payment of a dividend (1998 : £nil) and the profit has therefore been transferred to reserves.

On 31 March 1999 the company acquired the assets, liabilities and trade of its 100% subsidiary, Abbey Coachworks (UK) Limited. Details of the assets and liabilities acquired are given in note 1 to the financial statements.

Directors

The present membership of the Board is set out below. Both directors served throughout the year, Mr P C Calvert being appointed on 1 April 1998.

The interests of the directors in the shares of the company as at 31 March 1999 and 1 April 1998 were as follows:

	Ordinary shares	
	31 March 1999	1 April 1998
F A Calvert	1,000	1,000
P C Calvert	-	-

Directors' responsibilities for the financial statements

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 of the company for that year. 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;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

C F RECOVERY SERVICES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1999

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems but also to some degree on those of the company's customers and suppliers.

The company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify the major risks and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail.

The main systems affected are:

- the accounting and management information systems which are already Year 2000 compliant;
- the control room systems which are Year 2000 compliant.

The company has received from major customers, suppliers and other trading partners with whom information is exchanged electronically, confirmation that their relevant systems are Year 2000 compliant.

The issue is complex and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address the issue.

Auditors

Grant Thornton were appointed auditors on 16 February 1999 to fill a casual vacancy in accordance with Section 388 (1) of the Companies Act 1985. Subsequent to this, on 4 March 1999, an elective resolution was passed dispensing with the requirement to reappoint auditors annually.

Small company exemption

This report is prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



F A Calvert
Director

24 August 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
C F RECOVERY SERVICES LIMITED**

We have audited the financial statements on pages 4 to 18 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
NEWCASTLE UPON TYNE**

24 August 1999

C F RECOVERY SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except that the leasehold property is shown at its revalued amount, and in accordance with the Financial Reporting Standard for Smaller Entities.

The company is exempt from the requirement to prepare consolidated financial statements on the grounds that it qualifies as a small group under S248 of the Companies Act. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	40 years
Plant and machinery	4 years
Motor vehicles	4 years
Goodwill	5 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

GOODWILL

Purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful life of 5 years.

C F RECOVERY SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

INVESTMENTS

Investments are included at cost.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

C F RECOVERY SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 1999**

	Note	1999 £	1998 (restated) (Note 23) £
Turnover	2	916,111	735,855
Cost of sales		(596,200)	(462,241)
Gross profit		319,911	273,614
Other operating income and charges	3	(201,823)	(181,538)
Operating profit		118,088	92,076
Net interest	4	(40,123)	(34,326)
Profit on ordinary activities before taxation	2	77,965	57,750
Tax on profit on ordinary activities	6	(18,275)	(4,308)
Profit transferred to reserves	17	59,690	53,442

The accompanying accounting policies and notes form an integral part of these financial statements.

C F RECOVERY SERVICES LIMITED

BALANCE SHEET AT 31 MARCH 1999

	Note	1999 £	1998 (restated) (Note 23) £
Fixed assets			
Intangible assets	7	4,000	8,000
Tangible assets	8	548,578	486,773
Investment	10	<u>1,000</u>	<u>760</u>
		553,578	495,533
Current assets			
Stocks	11	2,720	2,250
Debtors	12	138,063	74,026
Cash at bank and in hand		<u>122,054</u>	<u>389</u>
		262,837	76,665
Creditors: amounts falling due within one year	13	<u>(462,037)</u>	<u>(178,928)</u>
Net current liabilities		<u>(199,200)</u>	<u>(102,263)</u>
Total assets less current liabilities		354,378	393,270
Creditors: amounts falling due after more than one year	14	<u>(186,990)</u>	<u>(285,572)</u>
		<u>167,388</u>	<u>107,698</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Revaluation reserve	17	25,704	26,579
Profit and loss account	17	<u>140,684</u>	<u>80,119</u>
Shareholders' funds	18	<u>167,388</u>	<u>107,698</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board of Directors on 24 August 1999.



F A Calvert
Director

P C Calvert
Director



The accompanying accounting policies and notes form an integral part of these financial statements.

C F RECOVERY SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
	£	(restated)
		(Note 23)
		£
Profit for the financial year	59,690	53,442
Unrealised deficit on revaluation of fixed assets	-	(5,000)
	<hr/>	<hr/>
Total gains and losses relating to the year	59,690	48,442
Prior year adjustment (note 23)	16,976	<hr/>
	<hr/>	
Total gains and losses recognised since last financial statements	76,666	<hr/>

The accompanying accounting policies and notes form an integral part of these financial statements.

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

1 ACQUISITION

On 31 March 1999 the company acquired the assets, liabilities and trade of its 100% subsidiary Abbey Coachworks (UK) Limited.

The assets and liabilities acquired were as follows:

	Book value £
Fixed assets	
Tangible	18,929
Current assets	
Debtors	96,013
Bank and cash	27,506
	<hr/>
Total assets	142,448
Creditors	
Trade creditors	31,392
Amounts owed to group undertaking	52,394
Other creditors and accruals	57,662
	<hr/>
Total liabilities	(141,448)
Net assets	1,000
	<hr/> <hr/>
Satisfied by:	
Deferred consideration	1,000
	<hr/> <hr/>

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities are attributable to vehicle recovery and related services.

The profit on ordinary activities is stated after:

	1999 £	1998 £
Auditors' remuneration	2,250	3,000
Depreciation and amortisation:		
Tangible fixed assets, owned	33,632	51,067
Tangible fixed assets held under finance leases	70,127	48,003
Goodwill	4,000	4,000
Profit on sale of fixed assets	(9,986)	(982)
	<hr/> <hr/>	<hr/> <hr/>

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

3 OTHER OPERATING INCOME AND CHARGES

	1999 £	1998 £
Recovery expenses	82,705	54,776
Administrative expenses	161,742	150,685
Other operating income	(65,014)	(40,000)
Depreciation	22,390	14,685
Purchase of tax losses	-	1,392
	<u>201,823</u>	<u>181,538</u>

4 NET INTEREST

	1999 £	1998 £
On bank loan and overdraft	12,083	12,702
Finance charges in respect of finance leases	10,223	10,731
Other interest payable	17,836	10,893
Interest receivable	(19)	-
	<u>40,123</u>	<u>34,326</u>

5 DIRECTORS

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Emoluments	-	12,000

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1999 £	1998 £
Corporation tax at 21% (1998 : 21%)	12,500	5,700
Group relief	-	(1,392)
Adjustment in respect of prior year: Corporation tax	5,775	-
	<u>18,275</u>	<u>4,308</u>

7 INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Cost	
At 1 April 1998 and 31 March 1999	20,000
Amortisation	
At 1 April 1998	12,000
Provided in the year	4,000
At 31 March 1999	16,000
Net book amount at 31 March 1999	4,000
Net book amount at 1 April 1998	8,000

Goodwill was purchased from an unincorporated business in 1995 and is being amortised over 5 years. In the opinion of the directors, this represents a prudent estimate of the period over which the company will derive economic benefit from the purchase.

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
1 April 1998	270,000	151,692	341,772	763,464
Additions	-	28,175	124,874	153,049
Disposals	-	(20,221)	(34,413)	(54,634)
Transfer from group undertaking (note 1)	-	26,952	-	26,952
At 31 March 1999	270,000	186,598	432,233	888,831
Depreciation				
1 April 1998	1,730	124,343	150,618	276,691
Charge for the year	6,750	14,185	82,824	103,759
Disposals	-	(20,217)	(28,003)	(48,220)
Transfer from group undertaking (note 1)	-	8,023	-	8,023
At 31 March 1999	8,480	126,334	205,439	340,253
Net book amount at 31 March 1999	261,520	60,264	226,794	548,578
Net book amount at 1 April 1998	268,270	27,349	191,154	486,773

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 31 March 1999	11,165	202,354
Net book amount at 1 April 1998	-	167,992
Depreciation provided in the year	1,014	69,113

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

9 LAND AND BUILDINGS

The freehold property was valued at £270,000 as at 19 December 1997 by Messrs Chesterton, property consultants, on the basis of open market value. No provision has been made for taxation of £3,150 which would arise if the property was disposed of at its revalued amount. If the freehold land and buildings had not been revalued they would have been included on the historical cost basis at the following amounts:

	1999 £	1998 £
Freehold land and building - cost	255,000	255,000
Freehold land and building - depreciation	(3,268)	(1,634)
	<hr/>	<hr/>
Net book value at 31 March 1999	251,732	253,366
	<hr/>	<hr/>

10 FIXED ASSET INVESTMENT

	Shares in group undertaking £
Cost	
At 1 April 1998	760
Additions	240
	<hr/>
At 31 March 1999	1,000
	<hr/>

At 31 March 1999 the company had an interest in the equity share capital of the following undertaking:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit for financial year £
Abbey Coachworks (UK) Limited	England and Wales	Ordinary	100%	Vehicle bodyshop operations	1,000	5,863

The above company transferred its assets, liabilities and trade to C F Recovery Services Limited on 31 March 1999.

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

11 STOCKS

	1999	1998
	£	£
Spares and consumables	2,720	2,250
	<u> </u>	<u> </u>

12 DEBTORS

	1999	1998
	£	£
Trade debtors	135,521	20,086
Amounts owed by group undertakings (note 22)	-	52,394
Other debtors	2,542	1,546
	<u> </u>	<u> </u>
	138,063	74,026
	<u> </u>	<u> </u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	(restated) (Note 23) £
Bank loan and overdraft (note 14)	12,672	19,368
Trade creditors	138,623	20,240
Amounts due under finance leases and hire purchase contracts (note 14)	81,985	66,198
Amounts owed to group undertakings (note 22)	1,000	-
Corporation tax	24,330	15,804
Other taxation and social security	36,421	42,618
Director's loan account	97,388	-
Other creditors	69,618	14,700
	<u> </u>	<u> </u>
	462,037	178,928
	<u> </u>	<u> </u>

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Bank loan	82,164	92,456
Amounts due under finance leases and hire purchase contracts	104,826	98,968
Director's loan account	-	94,148
	<u>186,990</u>	<u>285,572</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets financed.

The bank loan and overdraft are secured by a legal mortgage over the freehold land and buildings together with a fixed and floating charge over the assets of the company.

Included within the bank loan are amounts of £27,476 (1998 : £38,768) falling due in more than five years.

15 DEFERRED TAXATION

Deferred taxation not provided for in the financial statements is set out below. The amount unprovided represent a contingent liability at the balance sheet date and is calculated using a tax rate of 21% (1998 : 21%).

	Amount unprovided	
	1999 £	1998 £
Unrealised capital gains	3,150	3,150

16 SHARE CAPITAL

	1999 £	1998 £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	1,000	1,000

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

17 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 April 1998 as originally stated	26,579	63,143
Prior year adjustment (note 23)	-	16,976
At 1 April 1998 as restated	26,579	80,119
Retained profit for the year		59,690
Transfer from revaluation reserve to profit and loss account	(875)	875
At 31 March 1999	25,704	140,684

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Shareholders' funds at 1 April 1998 as originally stated	90,722	59,256
Prior year adjustment (note 23)	16,976	-
Shareholders funds at 1 April 1998 as restated	107,698	59,256
Profit for the financial year	59,690	31,466
Shareholders' funds at 31 March 1999	167,388	90,722

19 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 1999 or 31 March 1998.

20 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 1999 or 31 March 1998, except in respect of deferred taxation (note 15).

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

21 LEASING COMMITMENTS

Operating lease payments amounting to £14,553 (1998 : £3,744) are due within one year. The leases to which these amounts relate expire as follows:

	1999 £	1998 £
Within one year	14,553	3,744

22 RELATED PARTY TRANSACTIONS

On 31 March 1999 the company acquired the assets, liabilities and trade of its 100% subsidiary Abbey Coachworks (UK) Limited. Details of the assets and liabilities transferred are disclosed in note 1.

During the year, arms length transactions occurred with the following related undertakings:

	Nature of transaction	Transactions Year ended 31 March 1999 £	Owed (to)/by at 31 March 1999 £	Transactions Year ended 31 March 1998 £	Owed (to)/by at 31 March 1998 £
Related party					
Abbey Coachworks (UK) Limited	Sales	55,028	-	54,274	-
Abbey Coachworks (UK) Limited	Purchases	-	-	1,392	-
Abbey Coachworks (UK) Limited	Loan	-	(1,000)	-	52,394
F A Calvert	Loan	-	(97,388)	-	(94,148)

The overdraft facility is personally guaranteed by FA Calvert.

C F RECOVERY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999

23 PRIOR YEAR ADJUSTMENT

The prior year adjustment represents correction of a fundamental error in respect of a trade creditor incorrectly accounted for at 31 March 1998. The effect is summarised below:

	Amount included in 1998 financial statements £	Restatement of 1998 financial statements £	Difference £
Trade creditors	37,216	20,240	16,976

The overall effect of this adjustment is to increase the retained profit by £16,976.

24 CONTROLLING RELATED PARTY

Mr F A Calvert is the company's controlling related party by virtue of his holding 100% of the company's issued share capital.