

**AUDITORS' REPORT TO MSM/DRH LIMITED**

**PURSUANT TO  
PARAGRAPH 24 OF SCHEDULE 8  
TO THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of MSM/DRH Limited prepared under Section 226 of the Companies Act 1985 for the year ended 28 February 1998

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 28 February 1998, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

**Other information**

On 18 December 1998 we reported, as auditors of MSM/DRH Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 28 February 1998, and our report was as follows:



**AUDITORS' REPORT PURSUANT TO PARAGRAPH 24  
OF SCHEDULE 8 TO THE COMPANIES ACT 1985 (Continued)**

We have audited the financial statements on pages 4 to 12.

**Respective responsibilities of directors and auditors**

As described on page 2 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.

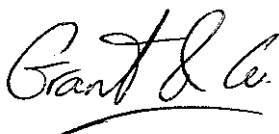
**Basis of opinion**

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 mis-statement, 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 as at 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



**GRANT & CO**

**REGISTERED AUDITORS**

**Cheltenham**

**18 December 1998**

**MSM/DRH LIMITED**

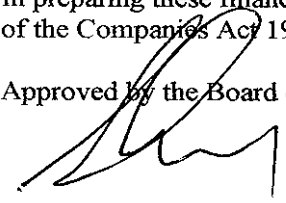
**BALANCE SHEET**  
**28 February 1998**

	Note	1998	1997
<b>FIXED ASSETS</b>			
Intangible assets		15,840	31,681
Tangible assets	2	395,044	198,671
		<u>410,884</u>	<u>230,352</u>
<b>CURRENT ASSETS</b>			
Stocks		210,139	205,281
Debtors		263,665	248,328
Cash at bank and in hand		15,023	11,788
		<u>488,827</u>	<u>465,397</u>
<b>CREDITORS</b>			
due within one year	3	(601,335)	(549,225)
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<u>(112,508)</u>	<u>(83,828)</u>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>		298,376	146,524
<b>CREDITORS</b>			
due after more than one year	3	(214,705)	(93,843)
		<u>£83,671</u>	<u>£52,681</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	40,000	40,000
Profit and loss account		43,671	12,681
<b>SHAREHOLDERS FUNDS</b>		<u>£83,671</u>	<u>£52,681</u>

Advantage has been taken of the exemptions conferred by Section A of Part III of Schedule 8 to the Act on the grounds that the company is entitled to benefit from those exemptions as a small company as defined by Section 247 of the Act.

In preparing these financial statements advantage has been taken of the exemptions provided by Part VII of the Companies Act 1985 relating to small companies (s246(8))

Approved by the Board on 18 December 1998

  
A W Delaney - Director

**MSM/DRH LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 28 February 1998**

**1 ACCOUNTING POLICIES**

The accounts have been prepared under the historical cost convention, adopting the following principal accounting policies.

**a) TURNOVER**

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

**b) DEPRECIATION**

Depreciation is calculated to write off the cost or valuation less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum :-

Leased assets	over the lease term
Computer equipment	25% of cost
Fixtures and fittings	15% of cost
Plant and equipment	20% of cost
Motor vehicles	25% of net book value

**c) STOCKS**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**d) HIRE PURCHASE AND FINANCE LEASES**

Assets acquired under hire purchase and finance leases are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account on a straight line basis.

The cost of and income from operating leases is charged and credited to profit and loss account on a straight basis over the lease term.

**e) DEFERRED TAXATION**

No provision has been made for deferred taxation. The directors do not consider that any material liability will arise in the foreseeable future.

**MSM/DRH LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 28 February 1998

**f) PENSION COSTS**

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**g) FINANCE COSTS**

All finance costs in connection with borrowing are allocated to profit and loss account at a constant rate on the carrying amount shown in the balance sheet. Accrued finance costs are included in accruals to the extent that they will be paid in cash in the next accounting period, but otherwise are added to the carrying amount of the borrowings.

**h) GOODWILL**

Purchased goodwill is capitalised and is to be written off over a period of 5 years. This period is considered by the directors to be its useful economic life.

<b>2 FIXED ASSETS</b>	<b>Intangible assets</b>	<b>Tangible assets</b>
<b>Cost</b>		
At 1 March 1997	79,204	319,229
Additions	-	290,574
Disposals		(63,985)
At 28 February 1998	<u>79,204</u>	<u>545,818</u>
<b>Depreciation</b>		
At 1 March 1997	47,523	120,558
Charge for year	15,841	64,461
Eliminated on disposals		(34,245)
At 28 February 1998	<u>63,364</u>	<u>150,774</u>
<b>Net Book Value</b>		
At 28 February 1997	<u>£31,681</u>	<u>£198,671</u>
At 28 February 1998	<u>£15,840</u>	<u>£395,044</u>

# MSM/DRH LIMITED

## NOTES TO THE ACCOUNTS for the year ended 28 February 1998

<b>3</b>	<b>CREDITORS</b>	<b>1998</b>	<b>1997</b>
	Creditors include the following borrowings:		
	Hire purchase obligations	161,834	141,824
	Bank loan repayable by instalments	117,987	-
		<u>279,821</u>	<u>141,824</u>
	Bank loan	30,000	-
	Bank overdraft	33,676	91,497
		<u><u>£343,497</u></u>	<u><u>£233,321</u></u>

The bank loan and overdraft are secured by a debenture over the assets of the company.

### 4 SHARE CAPITAL

#### Authorised:

40,000 ordinary shares of £1 each	<u>£40,000</u>	<u>£40,000</u>
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#### Allotted and fully paid:

40,000 ordinary shares of £1 each	<u>£40,000</u>	<u>£40,000</u>
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### 5 TRANSACTIONS WITH DIRECTORS

The directors of the company are also the directors and majority shareholders of Eurolift Forklifts (UK) Limited.

The fork lift trucks bought and sold by Eurolift Forklifts (UK) Limited are the subject of service contracts for the benefit of the company.

The company has entered into a formal agreement with Eurolift Forklifts (UK) Limited to provide finance for the purchase of forklift truck consignments from Bulgaria to the extent that Eurolift Forklifts (UK) Limited is unable to cover such commitments by its own cash facilities or advanced sales. In return the company required the Board of Eurolift Forklifts (UK) Limited to enter into a guarantee in favour of Barclays Bank Plc limited to £70,000.

Goods sold to Eurolift Forklifts (UK) Limited during the year ended 28 February 1998 total £54,400 (1997 £61,900). Goods purchased from Eurolift Forklifts (UK) Limited total £87,774 (1997 £43,700).

At 28 February 1998 Eurolift Forklifts (UK) Limited was owed by the company £33,732 (1997 £46,073 owed to the company).