

**WESSEX LEYLAND DAF LIMITED**  
**DIRECTORS' REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 1998**

**Company Registration No. 2404860**

*Simpkins Edwards*  
Chartered Accountants



# WESSEX LEYLAND DAF LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A D Kingdon Mr N P Kingdon Mr P J Kingdon Mr W H Landon
<b>Secretary</b>	Mr W H Landon
<b>Company number</b>	2404860
<b>Registered office</b>	Roundhead Road, Heathfield Newton Abbot Devon TQ12 6UE
<b>Auditors</b>	Simpkins Edwards Michael House, Castle Street Exeter EX4 3LQ
<b>Bankers</b>	National Westminster Bank plc 59 High Street Exeter Devon EX4 3DP

# WESSEX LEYLAND DAF LIMITED

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# WESSEX LEYLAND DAF LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998

The directors present their report and financial statements for the year ended 31 August 1998.

### Principal activities and review of the business

The principal activity of the company continued to be that of the sale and repair of commercial vehicles, being a Leyland Daf main dealer. There has been no significant change in the activities during the year.

The directors present their report and financial statements for the year ended 31 August 1998.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

### Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

### Future developments

The directors consider the results for the year to be satisfactory and the company to be in a sound financial position to enable it to advance in the future.

### Directors

The following directors have held office since 1 September 1997:

Mr A D Kingdon  
Mr N P Kingdon  
Mr P J Kingdon  
Mr W H Landon

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Authorised of £1 each	
	31 August 1998	1 September 1997
Mr A D Kingdon	52	52
Mr N P Kingdon	74	74
Mr P J Kingdon	74	74
Mr W H Landon	-	-

### Year 2000

The directors have considered the risks to the business relating to the year 2000, and have taken appropriate steps to safeguard the company. It is impossible to guarantee that no year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simpkins Edwards be reappointed as auditors of the company will be put to the Annual General Meeting.

## WESSEX LEYLAND DAF LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998

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#### 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 of the company 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mr W H Landon

Director

5 January 1999

## WESSEX LEYLAND DAF LIMITED

### AUDITORS' REPORT TO THE SHAREHOLDERS OF WESSEX LEYLAND DAF LIMITED

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We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

#### 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 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 as at 31 August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Simpkins Edwards*  
**Simpkins Edwards**

Chartered Accountants  
Registered Auditor

*15 January 1999.*

Michael House, Castle Street  
Exeter  
EX4 3LQ

# WESSEX LEYLAND DAF LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1998

	Notes	1998 £	1997 £
Turnover	2	10,836,334	10,222,961
Cost of sales		(9,535,466)	(9,077,383)
<b>Gross profit</b>		<b>1,300,868</b>	<b>1,145,578</b>
Distribution costs		(755,799)	(643,287)
Administrative expenses		(453,956)	(431,999)
Other operating income		42,751	41,410
<b>Operating profit</b>	<b>3</b>	<b>133,864</b>	<b>111,702</b>
Other interest receivable and similar income	4	80	11,439
Interest payable and similar charges	5	(77,064)	(81,500)
<b>Profit on ordinary activities before taxation</b>		<b>56,880</b>	<b>41,641</b>
Tax on profit on ordinary activities	6	(9,892)	(9,106)
<b>Profit on ordinary activities after taxation</b>	<b>17</b>	<b>46,988</b>	<b>32,535</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# WESSEX LEYLAND DAF LIMITED

## BALANCE SHEET AS AT 31 AUGUST 1998

	Notes	1998 £	£	1997 £	£
<b>Fixed assets</b>					
Tangible assets	7 and 8	1,113,773		1,107,232	
Investments	9	95,865		95,865	
		<u>1,209,638</u>		<u>1,203,097</u>	
<b>Current assets</b>					
Stocks	10	1,215,352		936,014	
Debtors	11	1,161,638		1,111,056	
Cash at bank and in hand		3,285		2,904	
		<u>2,380,275</u>		<u>2,049,974</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,804,560)		(1,477,498)	
<b>Net current assets</b>		<u>575,715</u>		<u>572,476</u>	
<b>Total assets less current liabilities</b>		<u>1,785,353</u>		<u>1,775,573</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(174,432)		(215,601)	
<b>Provisions for liabilities and charges</b>	14	(23,955)		(19,994)	
		<u>1,586,966</u>		<u>1,539,978</u>	
<b>Capital and reserves</b>					
Called up share capital	16	200		200	
Share premium account	17	1,253,041		1,253,041	
Profit and loss account	17	333,725		286,737	
<b>Shareholders' funds - equity interests</b>	18	<u>1,586,966</u>		<u>1,539,978</u>	

The financial statements were approved by the Board on 5 January 1999



Director

[AN N O KINGDON]



Director

[MA W H LAMPON]



# WESSEX LEYLAND DAF LIMITED

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1998

	1998 £	1997 £
<b>Net cash inflow from operating activities</b>	263,997	549,473
<b>Returns on investments and servicing of finance</b>		
Interest received	80	11,439
Interest paid	(62,907)	(81,500)
<b>Net cash outflow for returns on investments and servicing of finance</b>	(62,827)	(70,061)
<b>Taxation</b>	(3,862)	(35,911)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(93,244)	(127,140)
Receipts from sales of tangible assets	20,124	12,817
<b>Net cash outflow for capital expenditure</b>	(73,120)	(114,323)
<b>Net cash inflow before management of liquid resources and financing</b>	124,188	329,178
<b>Financing</b>		
Repayment of long term bank loan	(38,142)	(34,940)
Capital element of finance lease contracts	(19,197)	(53,142)
<b>Net cash outflow from financing</b>	(57,339)	(88,082)
<b>Increase in cash in the year</b>	66,849	241,096

# WESSEX LEYLAND DAF LIMITED

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## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1998

1 Reconciliation of operating profit to net cash inflow from operating activities		1998	1997
		£	£
Operating profit			
Depreciation of tangible assets		133,864	111,702
Loss/(profit) on disposal of tangible assets		92,751	81,370
Increase/(decrease) in stocks		3,753	(3,000)
(Increase)/decrease in debtors		(279,338)	438,968
Increase/(decrease) in creditors within one year		(50,582)	37,469
		363,549	(117,036)
<b>Net cash inflow from operating activities</b>		<b>263,997</b>	<b>549,473</b>

2 Analysis of net debt		1 September 1997	Cash flow	Other non-cash changes	31 August 1998
		£	£	£	£
Net cash:					
Cash at bank and in hand		2,904	381		3,285
Bank overdrafts		(175,351)	66,468		(108,883)
		(172,447)	66,849		(105,598)
Debt:					
Finance leases					
Debts falling due within one year		(15,435)	19,197	(29,925)	(26,163)
Debts falling due after one year		(38,723)	(2,834)	-	(41,557)
		(208,970)	40,976	-	(167,994)
		(263,128)	57,339	(29,925)	(235,714)
<b>Net debt</b>		<b>(435,575)</b>	<b>124,188</b>	<b>(29,925)</b>	<b>(341,312)</b>

### Reconciliation of net cash flow to movement in net debt

	1998	1997
	£	£
Increase in cash in the year		
Cash outflow from decrease in debt and lease financing	66,849	241,096
	57,339	88,082
Change in net debt resulting from cash flows		
New finance lease	124,188	329,178
	(29,925)	-
<b>Movement in net debt in the year</b>	<b>94,263</b>	<b>329,178</b>
Opening net debt	(435,575)	(764,753)
<b>Closing net debt</b>	<b>(341,312)</b>	<b>(435,575)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1998**

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2 - 5 % per annum
Plant and machinery	10 - 15 % per annum
Fixtures, fittings & equipment	10 - 15 % per annum
Motor vehicles	20 % per annum

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

**1.4 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**1.6 Stock and work in progress**

Stock is valued at the lower of cost and net realisable value.

**1.7 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1998**

**1.8 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**3 Operating profit**

Operating profit is stated after charging:

Depreciation of tangible assets

Auditors' remuneration

1998	1997
£	£

92,751	81,370
8,000	8,000

**4 Other interest receivable and similar income**

Bank interest

Other interest

1998	1997
£	£

80	66
-	11,373

80	11,439
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**5 Interest payable**

On bank loans and overdrafts

Hire purchase interest

Other interest

1998	1997
£	£

45,630	54,429
2,969	1,789
28,465	25,282

77,064	81,500
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# WESSEX LEYLAND DAF LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

### 6 Taxation

	1998	1997
	£	£
U.K. current year taxation		
U.K. corporation tax at 21% (1997 - 23%)	8,215	6,146
Deferred taxation	3,961	2,960
	<hr/>	<hr/>
Prior years	12,176	9,106
U.K. Corporation tax	(2,284)	-
	<hr/>	<hr/>
	9,892	9,106
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1998

7 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 1997	463,480	231,300	139,191	260,585	1,094,556
Additions	1,374	20,044	5,848	95,903	123,169
Disposals	-	(3,132)	-	(74,871)	(78,003)
At 31 August 1998	464,854	248,212	145,039	281,617	1,139,722
<b>Depreciation</b>					
At 1 September 1997	46,854	140,643	53,170	112,023	352,690
On disposals	-	(2,909)	-	(51,217)	(54,126)
Charge for the year	7,766	22,187	17,512	45,286	92,751
At 31 August 1998	54,620	159,921	70,682	106,092	391,315
<b>Net book value</b>					
At 31 August 1998	410,234	88,291	74,357	175,525	748,407
At 31 August 1997	416,626	90,657	86,021	148,562	741,866

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
<b>Net book values</b>	
At 31 August 1998	41,101
At 31 August 1997	35,847
<b>Depreciation charge for the year</b>	
31 August 1998	7,968
31 August 1997	7,692

Freehold land and buildings includes £75,000 attributable to the cost of land which is not subject to a depreciation charge.

During the year investment properties were revalued by Mr N P Kingdon the managing director of the company. The basis of the valuation used was existing use value assuming vacant possession/open market value. The value is also in line with the property's original cost.

# WESSEX LEYLAND DAF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

### 8 Tangible fixed assets

Cost	Investment properties £
At 1 September 1997 & at 31 August 1998	365,366

### 9 Fixed asset investments

	Unlisted investments £	Shares in participating interests £	Total £
Cost			
At 1 September 1997 & at 31 August 1998	3,000	92,865	95,865

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Heathfield Rentals Limited		Ordinary		49

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Heathfield Rentals Limited	489,340	29,602

# WESSEX LEYLAND DAF LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

### 10 Stocks and work in progress

	1998 £	1997 £
Raw materials and consumables		
Work in progress	1,545	994
Finished goods and goods for resale	-	29,984
	1,213,807	905,036
	<u>1,215,352</u>	<u>936,014</u>

Vehicles amounting to £96,041 (1997: £141,270) are held on consignment and are in substance assets of the company. Consequently, they have been included in finished goods stocks, with the corresponding interest bearing liability included within trade creditors. Payment becomes due when title passes to the company, which is generally the earlier of delivery or date of sale.

During the year the company entered into an agreement to sell second hand vehicles on behalf of LDV Limited. Title to the vehicles remain with LDV Limited until all that is owing for them in full has been received by LDV Limited. As such the company acts as agent only, therefore these vehicles are not recognised as finished goods stock and trade creditors within the financial statements.

### 11 Debtors

	1998 £	1997 £
Trade debtors		
Other debtors	879,770	823,310
Prepayments and accrued income	231,296	258,205
	50,572	29,541
	<u>1,161,638</u>	<u>1,111,056</u>

### 12 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts		
Net obligations under finance lease and hire purchase contracts	150,440	214,074
Trade creditors	19,725	8,804
Corporation tax	1,413,411	1,071,486
Other taxes and social security costs	8,215	6,146
Directors' current accounts	29,009	108,100
Other creditors	1,555	6,912
Accruals and deferred income	37,965	16,053
	144,240	45,923
	<u>1,804,560</u>	<u>1,477,498</u>
Debt due within one year	<u>41,557</u>	<u>38,723</u>



# WESSEX LEYLAND DAF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

13 Creditors: amounts falling due after more than one year	1998	1997
	£	£
Bank loans	167,994	208,970
Net obligations under finance leases and hire purchase agreements	6,438	6,631
	<u>174,432</u>	<u>215,601</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	209,551	247,693
	<u>209,551</u>	<u>247,693</u>
Included in current liabilities	(41,557)	(38,723)
	<u>167,994</u>	<u>208,970</u>
<b>Loan maturity analysis</b>		
Between one and two years	45,198	42,322
Between two and five years	122,796	152,060
In five years or more	-	14,588
	<u>-</u>	<u>14,588</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	19,725	8,804
Repayable between one and five years	6,438	6,631
	<u>26,163</u>	<u>15,435</u>
Included in liabilities falling due within one year	(19,725)	(8,804)
	<u>6,438</u>	<u>6,631</u>

# WESSEX LEYLAND DAF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

### 14 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 September 1997 and at 31 August 1998	23,955

Deferred tax is provided at 21% (1997 - 23%) analysed over the following timing differences:

	Fully provided 1998 £	1997 £
Accelerated capital allowances	23,955	19,994

### 15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,000 (1997 - £6,000).

### 16 Share capital

	1998 £	1997 £
<b>Authorised</b>		
1,000 Authorised of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
200 Authorised of £1 each	200	200

### 17 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 September 1997	1,253,041	286,737
Retained profit for the year	-	46,988
Balance at 31 August 1998	1,253,041	333,725

# WESSEX LEYLAND DAF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

18 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the financial year	46,988	32,535
Opening shareholders' funds	1,539,978	1,507,443
Closing shareholders' funds	1,586,966	1,539,978

19 Directors' emoluments	1998 £	1997 £
Emoluments for qualifying services	98,372	90,813
Company pension contributions to money purchase schemes	6,000	6,000
	104,372	96,813

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

## 20 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Sales and marketing	39	38
Office and management	12	10
	51	48

### Employment costs

	£	£
Wages and salaries	796,001	704,292
Social security costs	71,965	64,415
Other pension costs	6,000	6,000
	873,966	774,707

## **WESSEX LEYLAND DAF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998**

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#### **21 Control**

The ultimate controlling party throughout the current and previous period are the three directors, Mr A D Kingdon, Mr P J Kingdon and Mr N P Kingdon by virtue of the fact that between them they own all of the company's ordinary share capital.

#### **22 Related party transactions**

During the year the company made sales of £190,304 to, and purchases of goods and services of £138,628 from Heltor Limited, Mr A D Kingdon, Mr P J Kingdon and Mr N P Kingdon directors of this company, are also directors and shareholders of that company. At the balance sheet date a balance of £24,488 was owed by the company.

During the year the company incurred rental charges of £8,400 from Whidley Holdings Limited. Mr A D Kingdon a director of this company, is also a director and shareholder of that company. At the balance sheet date no amounts were owed by the company.

During the year the company made sales of goods and services of £86,741 to, and made purchases of goods and services of £129,770 from Heathfield Rentals Limited. Mr N P Kingdon a director of the company, is also a director of that company. At the balance sheet date £152,698 was owed to the company.