

HELTOR LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996

COMPANY NUMBER 686375



REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited consolidated accounts of Heltor Limited for the year ended 31 August 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Heltor Limited's principal activities are the sale and distribution of oil and ancillary products, warehousing and distribution.

On 1 September 1995 the company acquired the business of Heltor (Cornwall) Limited for a consideration comprising preference shares and loan notes.

RESULTS AND DIVIDENDS

The group loss for the year after taxation, minority interests and exceptional items amounted to £96,688. The directors recommend that no ordinary dividend be paid in respect of the year (1995: Nil) and the loss will be sustained against reserves.

FIXED ASSETS

Movements in fixed assets during the year are shown in note 8 to the accounts.

At the date of these accounts the company owned freehold property of £1,354,467 which is valued on the basis shown in the notes to the accounts. In the opinion of the directors the land and buildings of the company had an open market value in excess of this figure.

SHARE CAPITAL

On 1 September 1995 the company increased its authorised share capital by £400,000 and then issued as fully paid, 200,000 6% Redeemable Cumulative Preference Shares of £1 each to Heltor (Cornwall) Limited in part consideration for the acquisition by the company of the goodwill and business assets of Heltor (Cornwall) Limited.

DIRECTORS

The directors of the company in office during the year, and their beneficial interests in the ordinary share capital at the beginning and end of the year were:

| | At 31.8.1996 | At 1.9.1995 |
|---------------------------|--------------|-------------|
| Mr A D Kingdon - Chairman | 548 | 548 |
| Mr P J Kingdon | 778 | 778 |
| Mr N P Kingdon | 778 | 778 |

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a 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 accounts 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Simpkins Edwards as auditors of the company will be put to the annual general meeting.

BY ORDER OF THE BOARD

W. H. Landon 19 June 1997

SECRETARY

AUDITORS' REPORT TO THE SHAREHOLDERS OF

HELTOR LIMITED

We have audited the accounts on pages 3 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1B, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs and the group as at 31 August 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sam Edwards

SIMPKINS EDWARDS
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Exeter

25 June 1997

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 1996

| | Notes | 1996 £ | 1995 £ |
|---|-------|------------|------------|
| TURNOVER | 2 | | |
| Continuing operations | | 17,285,262 | 14,150,762 |
| Discontinued operations | | - | 203,294 |
| | | <hr/> | <hr/> |
| | | 17,285,262 | 14,354,056 |
| Cost of sales | | 15,028,829 | 12,523,238 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 2,256,433 | 1,830,818 |
| Selling and distribution costs | | 1,552,308 | 1,259,746 |
| Administrative expenses | | 744,874 | 668,610 |
| Other operating income | | 61,080 | 78,639 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT/(LOSS) | | | |
| Continuing operations | | 20,331 | (58,267) |
| Discontinued operations | | - | 39,368 |
| | | <hr/> | <hr/> |
| | | 20,331 | (18,899) |
| Profit on sale of fixed assets - continuing operations | | 2,295 | 17,226 |
| Profit on sale of fixed assets - discontinued operations | | - | 18,054 |
| Exceptional item | | (20,736) | (88,248) |
| | | <hr/> | <hr/> |
| PROFIT/(LOSS) on ordinary activities before interest | | 1,890 | (71,867) |
| Interest receivable | | 4,904 | 5,108 |
| Interest payable | 3 | 131,683 | 56,819 |
| | | <hr/> | <hr/> |
| LOSS on ordinary activities before taxation | 4 | (124,889) | (123,578) |
| TAXATION | 6 | 14,240 | (13,708) |
| | | <hr/> | <hr/> |
| LOSS for the financial year after taxation | | (110,649) | (137,286) |
| Dividends paid | 8 | (12,000) | - |
| Minority interests | | 13,961 | 17,997 |
| | | <hr/> | <hr/> |
| LOSS for the financial year | 7 | (108,688) | (155,283) |
| | | <hr/> | <hr/> |
| RETAINED LOSS for the financial year | | (£108,688) | (£155,283) |
| | | <hr/> | <hr/> |

CONTINUING OPERATIONS

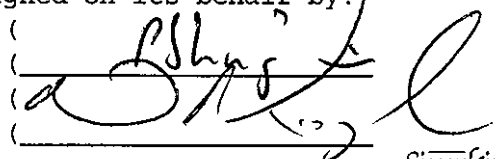
None of the company's activities were acquired or discontinued during the above financial period.

BALANCE SHEET AS AT 31 AUGUST 1996

| BALANCE SHEET AS AT 31 AUGUST 1996 | | GROUP | | COMPANY | |
|---|-------|------------|------------|------------|------------|
| | Notes | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | 428,505 | - | 428,505 | - |
| Tangible assets | 10 | 2,731,246 | 2,438,460 | 2,462,224 | 2,302,847 |
| Investments in subsidiary undertakings | 11 | - | - | 122,662 | 90,000 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 3,159,751 | 2,438,460 | 3,013,391 | 2,392,847 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 165,495 | 69,761 | 165,376 | 69,636 |
| Debtors | 14 | 2,231,096 | 1,640,905 | 2,288,981 | 1,646,290 |
| Cash at bank and in hand | | 60,760 | 8,315 | 58,967 | 2,599 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 2,457,351 | 1,718,981 | 2,513,324 | 1,718,525 |
| CREDITORS: amounts falling due within one year | 15 | 3,252,829 | 2,317,373 | 3,239,098 | 2,295,633 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | | (795,478) | (598,392) | (725,774) | (577,108) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,364,273 | 1,840,068 | 2,287,617 | 1,815,739 |
| CREDITORS: amounts falling due after more than one year | 15 | 504,441 | 188,112 | 504,441 | 188,112 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Deferred taxation | 17 | 231,804 | 246,044 | 231,804 | 235,263 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| NET ASSETS | | £1,628,028 | £1,405,912 | £1,551,372 | £1,392,364 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | 202,104 | 2,104 | 202,104 | 2,104 |
| Revaluation reserve | 19 | 156,691 | - | - | - |
| Profit and loss account | 19 | 1,269,233 | 1,377,921 | 1,349,268 | 1,390,260 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | £1,628,028 | 1,380,025 | 1,551,372 | 1,392,364 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Shareholders' funds | | | | | |
| Equity interests | 22 | 1,428,028 | 1,380,025 | 1,351,372 | 1,392,364 |
| Non-equity interest | | 200,000 | - | 200,000 | - |
| Minority interest | | - | 25,887 | - | - |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | £1,628,028 | £1,405,912 | £1,551,372 | £1,392,364 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |

The accounts on pages 3 to 20 were approved by the board of directors on 19 June 1997 and were signed on its behalf by:

DIRECTORS



MR A J KINLDON

MR N P KINLDON

Simpkins Edwards
Chartered Accountants

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1996

| | 1996 | 1995 |
|--|-------------------|-------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 182,894 | 295,622 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | 4,904 | 5,108 |
| Interest paid | (126,078) | (48,901) |
| Interest element of finance leases and hire purchase rental payments | (5,605) | (7,918) |
| Dividend paid | <u>(12,000)</u> | <u>-</u> |
| Net cash inflow from returns on investments and servicing of finance | <u>(138,779)</u> | <u>(51,711)</u> |
| | 44,115 | 243,911 |
| TAXATION | | |
| Corporation tax paid (including advance corporation tax) | (2,549) | (20,848) |
| INVESTING ACTIVITIES | | |
| Payments to acquire intangible fixed assets | (459,113) | - |
| Payments to acquire tangible fixed assets | (491,480) | (896,337) |
| Receipts from sale of tangible fixed assets | 38,602 | 110,451 |
| Disposal of interest in subsidiary undertaking | - | 92,562 |
| Payment to acquire 100% of subsidiary | <u>(32,662)</u> | <u>-</u> |
| Net cash outflow from investing activities | <u>(944,653)</u> | <u>(693,324)</u> |
| NET CASH OUTFLOW BEFORE FINANCING | (903,087) | (470,261) |
| FINANCING | | |
| Issue of share capital | 200,000 | - |
| New loans, finance leases and hire purchase loans | 400,000 | 401,694 |
| Capital element of finance lease payments and hire purchase loans | (41,495) | (282,881) |
| Capital element of loans | <u>(34,749)</u> | <u>-</u> |
| Net cash inflow from financing | 523,756 | 118,813 |
| DECREASE IN CASH AND CASH EQUIVALENTS | <u>(£379,331)</u> | <u>(£351,448)</u> |
| DISPOSALS OF SUBSIDIARY UNDERTAKING | | |
| Tangible fixed assets | - | 92,562 |
| Non-cash equivalent working capital | <u>-</u> | <u>(273,372)</u> |
| | - | (180,810) |
| Loss on disposal | - | <u>(£88,248)</u> |
| Consideration - cash | - | £92,562 |

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1996

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1996 £ | 1995 £ |
|--|-----------|-----------|
| Operating profit/(loss) less minority interest | 34,292 | (36,896) |
| Depreciation and amortisation charges | 349,686 | 326,704 |
| Minority interest in retained profits for the year | (13,961) | 17,997 |
| (Increase) in stocks | (95,734) | (983) |
| (Increase)/decrease in debtors | (590,191) | 63,191 |
| (Decrease)/increase in creditors | 498,802 | (74,391) |
| | <hr/> | <hr/> |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | £182,894 | £295,622 |
| | <hr/> | <hr/> |

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

| | 1996 £ |
|-----------------------------|--------------|
| Balance at 1 September 1995 | (760,290) |
| Net cash outflow | (379,331) |
| | <hr/> |
| Balance at 31 August 1996 | (£1,139,621) |
| | <hr/> |

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

| | 1996 £ | 1995 £ | Change in year £ |
|--------------------------|--------------|------------|------------------------|
| Cash at bank and in hand | 60,760 | 8,315 | 52,445 |
| Bank overdrafts | (1,200,381) | (768,605) | (431,776) |
| | <hr/> | <hr/> | <hr/> |
| | (£1,139,621) | (£760,290) | (£379,331) |
| | <hr/> | <hr/> | <hr/> |

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

| | Loans and finance lease obligations £ | Share capital £ |
|-----------------------------|---|-----------------------|
| Balance at 1 September 1995 | 264,662 | 2,104 |
| Cash inflow from financing | 323,756 | 200,000 |
| | <hr/> | <hr/> |
| Balance at 31 August 1996 | £588,418 | £202,104 |
| | <hr/> | <hr/> |

STATEMENT OF TOTAL GROUP RECOGNISED GAINS AND LOSSES

| | 1996 £ | 1995 £ |
|---|-----------|------------|
| Loss for the financial year | (87,952) | (155,283) |
| Surplus on revaluation | 156,691 | - |
| | <hr/> | <hr/> |
| Total recognised gains and losses for the year | £68,739 | (£155,283) |
| | <hr/> | <hr/> |

STATEMENT OF TOTAL COMPANY RECOGNISED GAINS AND LOSSES

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Loss for the financial year | (40,992) | 14,479 |
| | <hr/> | <hr/> |
| Total recognised gains and losses for the year | (£40,992) | £14,479 |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Basis of consolidation

The group accounts comprise a consolidation of Heltor Limited ('Company') and its subsidiary ('Group'). The accounts of the subsidiary are made up to 31 August 1996. As permitted by the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts.

(c) Turnover

Turnover represents the value of goods and services supplied net of value added tax.

(d) Intangible fixed assets

Purchased goodwill is amortised equally over a period of 15 years as the directors consider that this is the life expectancy of goodwill in this type of business.

(e) Tangible fixed assets

The cost of tangible fixed assets is written off to estimated residual value by the straight line method using the following rates:

| | |
|---------------------|----------------------------|
| Freehold buildings | 2 - 5% per annum on cost |
| Plant and equipment | 10 - 15% per annum on cost |
| Motor vehicles | 20% per annum on cost |

No depreciation is provided on freehold land.

(f) Investment properties

In accordance with Statement of Standard Accounting Practice Number 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty years to run. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

(g) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost, and net realisable value, after making due allowances for obsolete and slow moving stock.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(h) Deferred taxation

Deferred taxation is provided at the current rate of corporation tax on timing differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that they are expected to give rise to an actual liability in the foreseeable future.

(i) Leasing and hire purchase

Where assets are financed by hire purchase agreements the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the asset. The corresponding commitments are shown as obligations to the hire purchase company.

Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the annuity method.

(j) Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

2. TURNOVER

| | 1996 £ | 1995 £ |
|---------------------------|-------------|-------------|
| Class of business: | | |
| Fuel and oil distribution | 15,671,190 | 12,899,069 |
| Haulage and storage | 1,614,072 | 1,251,693 |
| Vehicle leasing | - | 203,294 |
| | <hr/> | <hr/> |
| | £17,285,262 | £14,354,056 |
| | <hr/> | <hr/> |

All turnover arises in the United Kingdom.

An analysis of profit before taxation between classes of business has not been given.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

3. INTEREST PAYABLE

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| On bank loans, overdrafts and other loans: | | |
| Repayable within five years, not by instalments | 78,771 | 39,280 |
| Repayable within five years, by instalments | 12,307 | 9,621 |
| Other interest payable | 35,000 | - |
| | <hr/> | <hr/> |
| | 126,078 | 48,901 |
| On hire purchase contracts | 5,605 | 7,918 |
| | <hr/> | <hr/> |
| | £131,683 | £56,819 |
| | <hr/> | <hr/> |

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 1996 £ | 1995 £ |
|--|-----------|-----------|
| Loss on ordinary activities before taxation is stated after charging: | | |
| Goodwill amortisation | 30,608 | - |
| Depreciation - on owned tangible fixed assets | 299,357 | 305,344 |
| - on tangible fixed assets held under hire purchase contracts | 19,721 | 21,360 |
| Auditors' remuneration (excluding expenses): | | |
| - in respect of audit work | 8,300 | 7,175 |
| Hire of plant and machinery | 6,465 | 6,553 |
| Hire of other assets | 6,419 | 7,301 |
| Exceptional item - | | |
| Loss on disposal of interest in subsidiary undertaking | - | (88,248) |
| Write-off of goodwill on acquisition of final 25% of subsidiary | (20,736) | - |
| | <hr/> | <hr/> |

Amounts charged to revenue in respect of sums payable for the hire of motor vehicles made under hire purchase contracts are shown under the headings of depreciation £19,721 and finance charges £5,605 - total £25,326 (1995: £29,278).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

5. DIRECTORS AND EMPLOYEES

Employees

The average monthly number of persons, including directors, employed by the group during the year was:

| Categories | 1996 Number | 1995 Number |
|-----------------------|----------------|----------------|
| Sales and marketing | 37 | 28 |
| Office and management | 20 | 20 |
| | <hr/> | <hr/> |
| | 57 | 48 |
| | <hr/> | <hr/> |

| | 1996 £ | 1995 £ |
|-----------------------------------|-----------|-----------|
| Staff costs for the above persons | | |
| Wages and salaries | 811,408 | 693,386 |
| Social security costs | 80,597 | 72,494 |
| Other pension costs | 22,865 | 19,856 |
| | <hr/> | <hr/> |
| | £914,870 | £785,736 |
| | <hr/> | <hr/> |

Directors' remuneration

| | 1996 £ | 1995 £ |
|--|-----------|-----------|
|--|-----------|-----------|

The remuneration paid to the directors of Heltor Limited was as follows:

| | | |
|---|----------|----------|
| Emoluments (including pension contributions and benefits in kind) | £175,497 | £210,092 |
| | <hr/> | <hr/> |
| Emoluments disclosed above, excluding pension contributions, include amounts paid to: | | |
| The chairman | £47,341 | £45,847 |
| | <hr/> | <hr/> |
| The highest paid director | £74,014 | £78,635 |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

5. DIRECTORS AND EMPLOYEES (CONTINUED)

The number of directors, including the chairman and highest paid director, who received fees and other emoluments, excluding pension contributions, in the following ranges was:

| | 1996 Number | 1995 Number |
|-------------------|----------------|----------------|
| £35,001 - £40,000 | - | - |
| £40,001 - £45,000 | 1 | - |
| £45,001 - £50,000 | 1 | 1 |
| £55,001 - £60,000 | - | - |
| £70,001 - £75,000 | 1 | 1 |
| £75,001 - £80,000 | - | 1 |
| | <hr/> | <hr/> |

6. TAXATION

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| UK corporation tax at 25% (1995: 25%) | | |
| Current | - | 6,996 |
| Deferred | (14,240) | 6,716 |
| Under/(over) provision in respect of prior years: | | |
| Current | - | (4) |
| | <hr/> | <hr/> |
| | (£14,240) | £13,708 |
| | <hr/> | <hr/> |

7. PROFIT FOR THE FINANCIAL YEAR

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| As permitted by section 228(7) of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements | | |
| The amount of (loss)/profit dealt with in the holding company's individual accounts was | (£40,992) | £14,479 |
| | <hr/> | <hr/> |

8. DIVIDENDS

| | 1996 £ | 1995 £ |
|-----------------|-----------|-----------|
| Preference paid | £12,000 | £- |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED).

9. INTANGIBLE FIXED ASSETS

Purchased
goodwill
£

COST

Additions

459,113

At 31 August 1996

459,113

AMOUNTS WRITTEN OFF

Charge for the year

30,608

At 31 August 1996

30,608

NET BOOK VALUE

at 31 August 1996

£428,505

10. TANGIBLE FIXED ASSETS

| | Land and buildings £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Investment properties £ | Total £ |
|----------------------------|----------------------------|-----------------------------|-------------------------------|------------------------|-------------------------------|------------|
| GROUP | | | | | | |
| COST | | | | | | |
| At 1 September 1995 | 1,542,532 | 771,567 | 157,230 | 1,636,026 | 243,563 | 4,350,918 |
| Additions | 99,698 | 130,556 | 4,046 | 257,180 | - | 491,480 |
| Disposals | - | (165,996) | (5,064) | (159,866) | - | (330,926) |
| Surplus on revaluation | 106,673 | - | - | - | - | 106,673 |
| At 31 August 1996 | 1,748,903 | 736,127 | 156,212 | 1,733,340 | 243,563 | 4,618,145 |
| DEPRECIATION | | | | | | |
| At 1 September 1995 | 198,495 | 547,500 | 128,458 | 1,038,005 | - | 1,912,458 |
| Charge for the year | 35,959 | 82,792 | 12,199 | 188,128 | - | 319,078 |
| Eliminated on disposals | - | (146,511) | (4,460) | (143,648) | - | (294,619) |
| Adjustments on revaluation | (50,018) | - | - | - | - | (50,018) |
| At 31 August 1996 | 184,436 | 483,781 | 136,197 | 1,082,485 | - | 1,886,899 |
| NET BOOK VALUE | | | | | | |
| At 31 August 1996 | £1,564,467 | £252,346 | £20,015 | £650,855 | £243,563 | £2,731,246 |
| At 31 August 1995 | £1,344,037 | £224,067 | £28,772 | £598,021 | £243,563 | £2,438,460 |

The net book value of tangible fixed assets includes an amount of £79,051 (1995: £98,442) in respect of assets held under hire purchase contracts.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

10. TANGIBLE FIXED ASSETS (CONTINUED)

| COMPANY | Land and buildings £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Investment properties £ | Total £ |
|-------------------------|----------------------------|-----------------------------|-------------------------------|------------------------|-------------------------------|------------|
| COST | | | | | | |
| At 1 September 1995 | 1,439,205 | 473,733 | 157,230 | 1,636,026 | 243,563 | 3,949,757 |
| Additions | 99,698 | 117,981 | 4,046 | 257,180 | - | 478,905 |
| Disposals | - | (67,442) | (5,064) | (159,866) | - | (232,372) |
| At 31 August 1996 | 1,538,903 | 524,272 | 156,212 | 1,733,340 | 243,563 | 4,196,290 |
| DEPRECIATION | | | | | | |
| At 1 September 1995 | 153,643 | 326,804 | 128,458 | 1,038,005 | - | 1,646,910 |
| Charge for the year | 30,793 | 67,962 | 12,199 | 188,128 | - | 299,082 |
| Eliminated on disposals | - | (63,818) | (4,460) | (143,648) | - | (211,926) |
| At 31 August 1996 | 184,436 | 330,948 | 136,197 | 1,082,485 | - | 1,734,066 |
| NET BOOK VALUE | | | | | | |
| At 31 August 1996 | £1,354,467 | £193,324 | £20,015 | £650,855 | £243,563 | £2,462,224 |
| At 31 August 1995 | £1,285,562 | £146,929 | £28,772 | £598,021 | £243,563 | £2,302,847 |

The net book value of tangible fixed assets includes an amount of £79,051 (1995: £98,442) in respect of assets held under hire purchase contracts.

The valuation at 31 August 1996 was made by Mr A D Kingdon, a director of the company, using open market value.

Company land and buildings at net book value comprise:

| | 1996 £ | 1995 £ |
|------------------|------------|------------|
| Freeholds | 1,332,389 | 1,260,724 |
| Short leaseholds | 22,078 | 24,838 |
| | <hr/> | <hr/> |
| | £1,354,467 | £1,285,562 |
| | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

| | 1996 £ | 1995 £ |
|---------------------|-----------|-----------|
| At 1 September 1995 | 90,000 | 90,050 |
| Additions | 32,662 | - |
| Disposals | - | (50) |
| | <hr/> | <hr/> |
| At 31 August 1996 | £122,662 | £90,000 |
| | <hr/> | <hr/> |

As at 31 August 1996, the company had the following subsidiary incorporated in the United Kingdom:

| Name | Proportion of equity share capital held | Nature of business |
|--|--|---------------------------|
| Heathfield Terminal Company Limited | 100% | Operation of oil terminal |

The addition relates to the acquisition of the remaining 25% (30,000 shares of £1 each of Heathfield Terminal Company Limited.

12. CAPITAL COMMITMENTS

| | Group | | Company | |
|--|---------|----------|---------|----------|
| | 1996 | 1995 | 1996 | 1995 |
| Capital expenditure: | | | | |
| Contracted for but not provided in the accounts | £26,602 | £106,272 | £26,602 | £106,272 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Commitments under finance leases entered into but not yet provided for in the accounts | £49,936 | £- | £49,936 | £- |
| | <hr/> | <hr/> | <hr/> | <hr/> |

12. STOCKS

| | Group | | Company | |
|-------------------------------|-----------|-----------|-----------|-----------|
| | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| Stocks comprise: | | | | |
| Raw materials and consumables | 150,533 | 60,986 | 150,414 | 60,861 |
| Stores | 14,962 | 8,775 | 14,962 | 8,775 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £165,495 | £69,761 | £165,376 | £69,636 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

14. DEBTORS

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 1996 | 1995 | 1996 | 1995 |
| | £ | £ | £ | £ |
| Trade debtors | 2,035,379 | 1,417,527 | 2,035,115 | 1,406,613 |
| Amounts owed by subsidiary undertakings | - | - | 62,927 | 19,241 |
| Other debtors | 109,145 | 152,139 | 107,308 | 152,139 |
| Prepayments | 86,572 | 71,239 | 83,631 | 68,297 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £2,231,096 | £1,640,905 | £2,288,981 | £1,646,290 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

15. CREDITORS

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 1996 | 1995 | 1996 | 1995 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Current instalments due on bank loans | 38,920 | 35,055 | 38,920 | 35,055 |
| Bank overdrafts | 1,200,381 | 768,605 | 1,200,381 | 768,605 |
| Obligations under hire purchase contracts | 45,057 | 41,495 | 45,057 | 41,495 |
| Trade creditors | 1,698,204 | 1,386,501 | 1,698,204 | 1,386,501 |
| Dividends payable | 12,000 | - | 12,000 | - |
| Corporation tax | - | 2,549 | - | 2,549 |
| Other taxation and social security payable | 34,682 | 35,702 | 34,682 | 34,439 |
| Other creditors | 175,991 | 6,744 | 170,829 | - |
| Accruals | 44,504 | 36,578 | 35,935 | 22,845 |
| Directors' current accounts | 3,090 | 4,144 | 3,090 | 4,144 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £3,252,829 | £2,317,373 | £3,239,098 | £2,295,633 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Amounts falling due after more than one year: | | | | |
| Bank loans | 104,431 | 143,045 | 104,431 | 143,045 |
| Obligations under hire purchase contracts | 10 | 45,067 | 10 | 45,067 |
| Loan notes | 400,000 | - | 400,000 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £504,441 | £188,112 | £504,441 | £188,112 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The loan notes consist of eight unsecured notes of £50,000 each carrying interest at the rate of 8.75% per annum. All notes are redeemable on 31 August 2015 but may be redeemed earlier at the option of the company.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

16. BANK LOANS AND OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

| | Group | | Company | |
|--|----------|----------|----------|----------|
| | 1996 | 1995 | 1996 | 1995 |
| | £ | £ | £ | £ |
| Repayable by instalments: | | | | |
| Bank loans at 1.25% over base rate unsecured repayable in 60 equal monthly instalments from January 1995 | 143,351 | 178,100 | 143,351 | 178,100 |
| Hire purchase contracts | 45,067 | 86,562 | 45,067 | 86,562 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £188,418 | £264,662 | £188,418 | £264,662 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Obligations under hire purchase contracts and bank loans are repayable as follows: | | | | |
| In one year, or less, or on demand | 83,977 | 76,550 | 83,977 | 76,550 |
| Between one and two years | 41,847 | 83,021 | 41,847 | 83,021 |
| Between two and five years | 62,594 | 105,091 | 62,594 | 105,091 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £188,418 | £264,662 | £188,418 | £264,662 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

17. DEFERRED TAXATION

The amount provided, which equals the total potential liability, is as follows:

| | Group | | Company | |
|--|----------|----------|----------|----------|
| | 1996 | 1995 | 1996 | 1995 |
| | £ | £ | £ | £ |
| Tax effect of timing differences because of: | | | | |
| Excess of tax allowances over depreciation | 230,781 | 247,464 | 230,781 | 236,683 |
| Other | 1,023 | (1,420) | 1,023 | (1,420) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £231,804 | £246,044 | £231,804 | £235,263 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

As at 31 August 1996 there is also a potential liability for the company and the group of £11,006 (1995: £11,006) in respect of the profit on disposal of freehold property. The tax payable in this context has been rolled over by reinvestment of the proceeds in further acquisitions of property. Such charges would crystallise in the event of further transactions removing the qualification for rollover relief, although such a course of action is unlikely in the foreseeable future.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The movements on the provision for deferred taxation are as follows:

| | Group £ | Company £ |
|---------------------------------------|------------|--------------|
| Provision at 1 September 1995 | 246,044 | 235,263 |
| Transfer from profit and loss account | (14,240) | (3,459) |
| | <hr/> | <hr/> |
| | £231,804 | £231,804 |
| | <hr/> | <hr/> |

18. CALLED UP SHARE CAPITAL

| | 1996 | 1995 |
|---|----------|---------|
| Authorised: | | |
| 10,200 ordinary shares of £1 each | 10,200 | 10,200 |
| 400,000 6% cumulative redeemable preference shares of £1 each | 400,000 | - |
| | <hr/> | <hr/> |
| | £410,200 | £10,200 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid: | | |
| 2,104 ordinary shares of £1 each | 2,104 | 2,104 |
| 200,000 6% cumulative redeemable preference shares of £1 each | 200,000 | - |
| | <hr/> | <hr/> |
| | £202,104 | £2,104 |
| | <hr/> | <hr/> |

On 1 September 1995 the company allotted 200,000 6% cumulative redeemable preference shares of £1 each. These shares were issued as fully paid in part consideration of the acquisition by the company of the goodwill and business assets of Heltor (Cornwall) Limited.

The 200,000 6% cumulative redeemable preference shares of £1 each have been treated as non equity because of the following rights attaching to the shares concerned:-

1. The company may redeem all or any of the preference shares at any time and shall redeem any preference shares in issue on 31 August 2015.
2. The right to dividend is 6% per annum.
3. On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets shall first be applied in paying to the holders of the preference shares an amount equal to the amount paid up together with a sum equal to all arrears and accruals of the preference dividend.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

19. PROFIT AND LOSS ACCOUNT

| Group | Holding company £ | Group £ |
|---|-------------------------|------------|
| At 1 September 1995 | 1,390,260 | 1,377,921 |
| Retained for the year | (40,992) | (108,688) |
| | <hr/> | <hr/> |
| At 31 August 1996 | £1,349,268 | £1,269,233 |
| | <hr/> | <hr/> |
| REVALUATION RESERVE | | |
| Surplus arising on revaluation of land and buildings in the year | £ - | £156,691 |
| | <hr/> | <hr/> |

20. TRANSACTIONS WITH DIRECTORS

During the year the company made sales of goods of £6,101 (1995: £2,891) to Mr A D Kingdon, a director of this company. All transactions were carried out on arms length basis.

During the year the company made sales of goods and services on an arms length basis of £31,207 (1995: £41,257) to Wessex Leyland Daf Limited and made purchases on an arms length basis of £51,673 (1995: £181,784) from the same company. Mr A D Kingdon, Mr N P Kingdon and Mr P J Kingdon, directors of this company are also directors and shareholders of that company.

During the year the company made sales of goods and services to Mr P J Kingdon of £988 (1995: £1,867) and to Mr N P Kingdon of £193 (1995: £359). All transactions were carried out on an arms length basis and both Mr P J Kingdon and Mr N P Kingdon are directors of this company.

During the year the company made sales of goods and services of £5,616 (1995: £5,239) and purchases of £6,904 (1995: £5,876) from Heathfield Rentals Limited. Mr N P Kingdon, a director of the company is also a director of that company. All transactions were carried out at arms length.

During the year the company made sales of goods and services of £9,388 (1995: £9,300) to Heathfield Terminal Company Limited and made purchases of goods and services of £13,504 (1995: £Nil) from Heathfield Terminal Company Limited which is a subsidiary of this company. Mr A D Kingdon and Mr P J Kingdon, directors of this company are also directors of that company. All transactions were carried out at arms length.

At the balance sheet date the company was owed £5,470 (1995: £4,931) from Teigncrest International Limited, a company of which Mr P J Kingdon is also a director.

During the year the company advanced monies to Mr A D Kingdon for the purposes of general expenditure. The monies have been repaid since the balance sheet date. The maximum amount outstanding during the year was £416 which was also the amount outstanding at 31 August 1996.

During the year the company advanced monies to Mr P J Kingdon for the purposes of general expenditure. The monies have been repaid since the balance sheet date. The maximum amount outstanding during the year was £573 which was also the amount outstanding at 31 August 1996.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1996 (CONTINUED)

20. TRANSACTIONS WITH DIRECTORS (CONTINUED)

During the year the company paid rents on an arms length basis of £15,000 (1995: £Nil) to Whidley Holding Limited. Mr A D Kingdon, a director of this company, is also a director and shareholder of that company.

The company also acquired the business and business assets of that company (formerly Heltor (Cornwall) Limited as previously disclosed.

21. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for certain employees and directors of group companies.

The assets of the scheme are held separately from those of the group in a separately administered pension fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £22,865 (1995: £19,856).

22. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

| | 1996 £ | 1995 £ |
|--|------------|------------|
| Group | | |
| Loss for the financial year after taxation | (96,688) | (155,283) |
| Dividends | (12,000) | - |
| Surplus on revaluation | 156,691 | - |
| New share capital subscribed | 200,000 | - |
| Opening shareholders' funds | 1,380,025 | 1,535,308 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | £1,628,028 | £1,380,025 |
| | <hr/> | <hr/> |
| Company | | |
| Loss for the financial year after taxation | (40,992) | 14,479 |
| New share capital subscribed | 200,000 | - |
| Opening shareholders' funds | 1,392,364 | 1,377,885 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | £1,551,372 | £1,392,364 |
| | <hr/> | <hr/> |