

Report of the Directors and
Financial Statements for the Year Ended 31 December 1998
for
DUNCTON PLC

2766324



DUNCTON PLC

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for the Year Ended 31 December 1998

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DUNCTON PLC
Company Information
for the Year Ended 31 December 1998

DIRECTORS: O D Harris
D A Hoare
E J A fforde

SECRETARY: Mrs S Pennell

REGISTERED OFFICE: Heath End Garage
Heath End
Petworth
Sussex
GU28 0JG

REGISTERED NUMBER: 2766324 (England and Wales)

AUDITORS: A C Wilder & Co
Chartered Accountants
and Registered Auditors
3 Station Approach
Worcester Park
Surrey KT4 7NB

DUNCTON PLC

Report of the Directors **for the Year Ended 31 December 1998**

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of contract hire of motor vehicles.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements. The directors are satisfied with the growth of the company during the year under review. In the opinion of the directors, the company's position is satisfactory and the company is in a good position to expand its core business.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £3.29 per share. The total distribution of dividends for the year ended 31 December 1998 will be £74,000.

DIRECTORS

The directors during the year under review were:

O D Harris
D A Hoare
E J A fforde

The beneficial interests of the directors holding office on 31 December 1998 in the issued share capital of the company were as follows:

	31.12.98	1.1.98
Ordinary £1.00 shares		
O D Harris	7,875	7,875
D A Hoare	7,875	7,875
E J A fforde	-	-

SHAREHOLDERS EQUITY

During the year the funds provided by shareholders increased by £109,209 from £1,114,041 to £1,223,250 at 31st December 1998. The funds comprise equity of £452,570, shareholders loans of £545,680 and revaluation surplus on a property lease of £225,000. The shareholders funds are subordinated to any loans and facilities provided by Clydesdale Bank Plc and any such interests of other finance companies.

IMPACT OF YEAR 2000

The directors have considered the risks and uncertainties associated with the Year 2000 and believe it will have no material impact on the company's business and operations. The directors will continue to monitor the situation but believe systems put in place by the company will ensure that no further risks and uncertainties are likely to arise.

DUNCTON PLC

Report of the Directors **for the Year Ended 31 December 1998**

STATEMENT OF 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

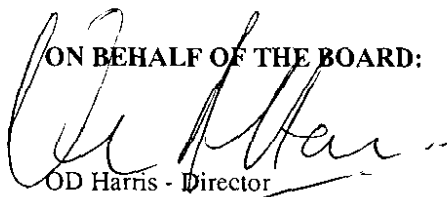
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, A C Wilder & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



OD Harris - Director

Dated: 11 May 1999

DUNCTON PLC

Report of the Auditors to the Shareholders of
Duncton Plc

We have audited the financial statements on pages five to fourteen which have been prepared under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page three 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 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A C Wilder & Co
Chartered Accountants
and Registered Auditors
3 Station Approach
Worcester Park
Surrey KT4 7NB

Dated: 11 May 1999

DUNCTON PLC

Profit and Loss Account
for the Year Ended 31 December 1998

		<u>31.12.98</u>	<u>31.12.97</u>
	Notes	£	£
TURNOVER		2,114,033	1,145,286
Cost of sales		<u>1,288,279</u>	<u>685,289</u>
GROSS PROFIT		825,754	459,997
Administrative expenses		<u>229,697</u>	<u>113,683</u>
		596,057	346,314
Other operating income		<u>9,000</u>	<u>1,125</u>
OPERATING PROFIT	3	605,057	347,439
Interest payable and similar charges	4	<u>422,118</u>	<u>228,071</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		182,939	119,368
Tax on profit on ordinary activities	5	<u>13,491</u>	<u>32,023</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		169,448	87,345
Dividends	6	<u>74,000</u>	<u>34,500</u>
		95,448	52,845
Retained profit brought forward		<u>142,220</u>	<u>89,375</u>
RETAINED PROFIT CARRIED FORWARD		<u>£237,668</u>	<u>£142,220</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

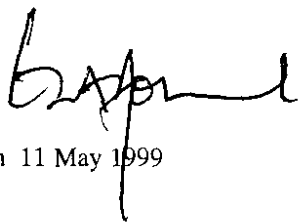
The company has no recognised gains or losses other than the profits for the current and previous years.

DUNCTON PLC**Balance Sheet**
31 December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		5,627,226		3,697,811
Investments	8		<u>60,000</u>		<u>60,000</u>
			5,687,226		3,757,811
CURRENT ASSETS:					
Stocks	9	168,402		95,449	
Debtors	10	363,923		220,949	
Cash in hand		<u>255</u>		<u>326</u>	
		532,580		316,724	
CREDITORS: Amounts falling due within one year	11	<u>2,159,510</u>		<u>1,632,953</u>	
NET CURRENT LIABILITIES:			<u>(1,626,930)</u>		<u>(1,316,229)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,060,296		2,441,582
CREDITORS: Amounts falling due after more than one year	12		(3,533,694)		(2,023,919)
PROVISIONS FOR LIABILITIES AND CHARGES:	15		<u>(74,032)</u>		<u>(60,541)</u>
			<u>£452,570</u>		<u>£357,122</u>
CAPITAL AND RESERVES:					
Called up share capital	16		22,500		22,500
Share premium	17		192,402		192,402
Profit and loss account			<u>237,668</u>		<u>142,220</u>
Shareholders' funds	18		<u>£452,570</u>		<u>£357,122</u>

ON BEHALF OF THE BOARD:

E J A fforde - Director



Approved by the Board on 11 May 1999

DUNCTON PLC

Notes to the Financial Statements **for the Year Ended 31 December 1998**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	- not provided
Improvements to property	- 10% on cost
Fixtures and fittings	- at variable rates on reducing balance
Motor vehicles	- at varying rates on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Advance Rentals

Advance rentals are credited to the Profit and Loss account in the year of receipt.

Finance Leases

As Lessee: Rentals payable under operating leases are charged to the profit and loss account on the straight-line basis over the lease term.

Operating Leases

As Lessor: Assets leased under operating leases are included in tangible fixed assets and are depreciated on a straight line basis over the lease term. Rental income from operating leases is included in the profit and loss account on a straight line basis, excepting advance rentals, over the period of the lease.

DUNCTON PLC

Notes to the Financial Statements **for the Year Ended 31 December 1998**

2. STAFF COSTS

	31.12.98	31.12.97
	£	£
Wages and salaries	73,445	27,267
Social security costs	<u>12,169</u>	<u>-</u>
	<u>85,614</u>	<u>27,267</u>

The average monthly number of employees during the year was as follows:

	31.12.98	31.12.97
Directors	3	3
Administration Staff	<u>2</u>	<u>-</u>
	<u>5</u>	<u>3</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.98	31.12.97
	£	£
Depreciation - owned assets	738,920	477,821
Depreciation - assets on hire purchase contracts	114,844	-
Auditors' remuneration	<u>3,500</u>	<u>2,250</u>
Directors' emoluments	<u>41,000</u>	<u>27,267</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.98	31.12.97
	£	£
Bank interest	98,796	91,386
Bank loan interest	217,566	80,139
10% Loan Stock Interest	23,576	23,881
Mezzanine Loans Interest	38,256	28,597
Hitachi Loan interest	14,704	-
Clyde Finance Interest	21,103	-
General Guarantee Interest	1,343	-
Interest on overdue taxation	2,165	118
Hire purchase	-	3,950
Leasing	1,500	-
Finance Company Funding	<u>3,109</u>	<u>-</u>
	<u>422,118</u>	<u>228,071</u>

DUNCTON PLC

Notes to the Financial Statements **for the Year Ended 31 December 1998**

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.98	31.12.97
	£	£
Deferred taxation	<u>13,491</u>	<u>32,023</u>

6. DIVIDENDS

	31.12.98	31.12.97
	£	£
Equity shares: Final Dividend	<u>74,000</u>	<u>34,500</u>

7. TANGIBLE FIXED ASSETS

	<u>Leasehold property</u>	<u>Improvem- ents to property</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£	£
COST:					
At 1 January 1998	204,005	17,021	11,005	4,150,374	4,382,405
Additions	-	16,649	7,539	3,483,300	3,507,488
Disposals	-	-	-	(1,112,584)	(1,112,584)
At 31 December 1998	<u>204,005</u>	<u>33,670</u>	<u>18,544</u>	<u>6,521,090</u>	<u>6,777,309</u>
DEPRECIATION:					
At 1 January 1998	-	284	4,887	679,423	684,594
Charge for year	-	3,742	6,119	843,903	853,764
Eliminated on disposals	-	-	-	(388,275)	(388,275)
At 31 December 1998	<u>-</u>	<u>4,026</u>	<u>11,006</u>	<u>1,135,051</u>	<u>1,150,083</u>
NET BOOK VALUE:					
At 31 December 1998	<u>204,005</u>	<u>29,644</u>	<u>7,538</u>	<u>5,386,039</u>	<u>5,627,226</u>
At 31 December 1997	<u>204,005</u>	<u>16,737</u>	<u>6,118</u>	<u>3,470,951</u>	<u>3,697,811</u>

The Land and Buildings consist of the leasehold premises at Heath End Garage, Heath End, Petworth which in the opinion of the directors has a market valuation of £430,000. An independent valuation carried out by Messrs Haslam on 13th September 1996 shows a market valuation of £400,000 and an existing use value of £460,000. Further correspondence confirms that the value continues to appreciate.

DUNCTON PLC

Notes to the Financial Statements
for the Year Ended 31 December 1998

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
Additions	<u>1,155,207</u>
At 31 December 1998	<u>1,155,207</u>
DEPRECIATION:	
Charge for year	<u>114,844</u>
At 31 December 1998	<u>114,844</u>
NET BOOK VALUE:	
At 31 December 1998	<u><u>1,040,363</u></u>

8. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1998	
and 31 December 1998	<u>60,000</u>
NET BOOK VALUE:	
At 31 December 1998	<u><u>60,000</u></u>
At 31 December 1997	<u><u>60,000</u></u>
	31.12.98
	£
Unlisted investments	<u><u>60,000</u></u>
	31.12.97
	£
	<u><u>60,000</u></u>

DUNCTON PLC

Notes to the Financial Statements for the Year Ended 31 December 1998

8. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

West Sussex Specialist Cars Ltd

Nature of business: Forecourt operator including on-site shop

Class of shares:	%
Ordinary	holding 100.00

	31.12.98	31.12.97
	£	£
Aggregate capital and reserves	1,000	1,000
Loss for the year	<u>(8,960)</u>	<u>(39,257)</u>

West Sussex Specialist Cars Limited runs a full forecourt service which includes shopping facilities and a workshop for vehicle repairs.

9. **STOCKS**

	31.12.98	31.12.97
	£	£
Stock	<u>168,402</u>	<u>95,449</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Trade debtors	67,303	16,168
Other debtors	3,543	-
Prepayments	100,654	42,353
VAT recoverable	49,096	60,811
West Sussex Specialist Cars	131,702	98,617
ACT recoverable	<u>11,625</u>	<u>3,000</u>
	<u>363,923</u>	<u>220,949</u>

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Bank loans and overdrafts (see note 13)	1,759,364	1,542,364
Hire purchase contracts (see note 14)	225,486	11,533
Trade creditors	45,664	-
Mezzanine Loan	22,797	9,641
Final Dividend	54,000	34,500
Income Tax	794	794
Accrued expenses	<u>51,405</u>	<u>34,121</u>
	<u>2,159,510</u>	<u>1,632,953</u>

DUNCTON PLC

Notes to the Financial Statements
for the Year Ended 31 December 1998

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.98 £	31.12.97 £
Bank loans (see note 13)	2,113,500	1,492,000
10% Loan Stock (see note 13)	250,680	226,282
Mezzanine Loans (see note 13)	295,000	305,637
Hire purchase contracts (see note 14)	874,514	-
	<u>3,533,694</u>	<u>2,023,919</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.12.98 £	31.12.97 £
Amounts falling due within one year or on demand:		
Bank overdrafts	337,364	822,364
Bank loans	<u>1,422,000</u>	<u>720,000</u>
	<u>1,759,364</u>	<u>1,542,364</u>

Amounts falling due between two and five years:

Bank loans	<u>2,113,500</u>	<u>1,492,000</u>
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Amounts falling due in more than five years:

Repayable otherwise than by instalments		
10% Loan Stock	250,680	226,282
Mezzanine Loans	<u>295,000</u>	<u>305,637</u>
	<u>545,680</u>	<u>531,919</u>

DUNCTON PLC

Notes to the Financial Statements
for the Year Ended 31 December 1998

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS			31.12.98	31.12.97
			£	£
Gross obligations repayable:				
Within one year			225,486	11,533
Between one and five years			874,514	-
			<u>1,100,000</u>	<u>11,533</u>
Net obligations repayable:				
Within one year			225,486	11,533
Between one and five years			874,514	-
			<u>1,100,000</u>	<u>11,533</u>
15. PROVISIONS FOR LIABILITIES AND CHARGES			31.12.98	31.12.97
			£	£
Deferred taxation			<u>74,032</u>	<u>60,541</u>
			Deferred taxation	Other provisions
			£	£
Balance at 1 January 1998			60,541	60,541
Provision in year			<u>13,491</u>	-
Balance at 31 December 1998			<u>74,032</u>	<u>60,541</u>
16. CALLED UP SHARE CAPITAL				
Authorised:				
Number:	Class:	Nominal value:	31.12.98	31.12.97
			£	£
70,000	Ordinary	£1.00	<u>70,000</u>	<u>70,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.98	31.12.97
			£	£
22,500	Ordinary	£1.00	<u>22,500</u>	<u>22,500</u>
17. SHARE PREMIUM			31.12.98	31.12.97
			£	£
Brought forward			192,402	63,902
Cash share issue			-	145,000
Purchase of own shares			-	(16,500)
			<u>192,402</u>	<u>192,402</u>

DUNCTON PLC

Notes to the Financial Statements
for the Year Ended 31 December 1998

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.98 £	31.12.97 £
a) Shareholders' Equity :		
Profit for the financial year	169,448	87,345
Dividends	<u>(74,000)</u>	<u>(34,500)</u>
	95,448	52,845
Issued Share Capital	-	21,500
Increase in Share Premium	-	145,000
Share Premium utilised in increasing Issued Share Capital	<u>-</u>	<u>(16,500)</u>
Net Addition	95,448	202,845
Opening shareholders' equity	<u>357,122</u>	<u>154,277</u>
Closing Shareholders' Equity	<u><u>£452,570</u></u>	<u><u>£357,122</u></u>

b) Shareholders' Funds :

A summary of funds provided to the company by the Shareholders is as follows :

	31.12.98 £	31.12.97 £
Shareholders' Equity (as above)	452,570	357,122
Shareholders' Loans (see note 14)	545,680	531,919
	<u>998,250</u>	<u>889,041</u>
Revaluation surplus on leasehold property (see note 8)	225,000	225,000
TOTAL SHAREHOLDERS' FUNDS	<u><u>£1,223,250</u></u>	<u><u>£1,114,041</u></u>

Shareholders Loans are subordinated to any loans and facilities provided by Clydesdale Bank plc and/or any such interests of other finance companies.