

LEEDS COMMERCIAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended
30 September 2005

Company Registration Number: 587618



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LEEDS COMMERCIAL LIMITED

DIRECTORS

C J Miller
G M Parkin
A Baggley

SECRETARY

G M Parkin

REGISTERED OFFICE

The Roundhouse
Wellington Road
Leeds
LS12 1DR

AUDITORS

Fullertons
Chartered Accountants
Westbourne House
60 Bagley Lane
Farsley
Leeds
LS28 5LY

LEEDS COMMERCIAL LIMITED

Notice is given that the Annual General Meeting of the company will be held at the Registered Office of the company on 10 February 2006 at 10.00 am for the following purposes:

- To receive and adopt the directors' report and statement of financial statements for the year ended 30 September 2005 together with the report of the auditors.
- To approve directors' emoluments.
- To approve a dividend
- To re-appoint Fullertons as auditors and to authorise the directors to fix their remuneration for the ensuing year.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.

By order of the board



GRAHAM PARKIN

Secretary

The Roundhouse
Wellington Road
Leeds
LS12 1DR

20 January 2006

THIS PAGE DOES NOT FORM PART OF THE STATUTORY ACCOUNTS

LEEDS COMMERCIAL LIMITED**DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 30 September 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of vehicle hirers. The company trades under the names of "Leeds Commercial", "Transhire", "South Yorkshire Commercials", "Leeds Commercial Sales", "LC Vehicle Hire" and "LC Vehicle Sales".

DEVELOPMENTS DURING THE YEAR AND THE COMPANY'S POSITION AT 30 SEPTEMBER 2005

The results for the year are set out on page 6 and the directors consider the results to be satisfactory and are looking forward to the future with confidence.

DIVIDENDS

The directors recommend payment of a dividend of £50.52 (2004: £25.26) per share for the year ended 30 September 2005. If this recommendation is approved retained profits of £532,289 will be added to reserves.

FIXED ASSETS

Changes in fixed assets are set out in note 6 to the accounts on page 12.

DIRECTORS

The members of the board during the year, and their interests in the £1 ordinary share capital were:

	30 September 2005	30 September 2004
C J Miller	1,550	1,550
C J Miller (as trustee)	350	350
G M Parkin	-	-
A Baggley	-	-

LEEDS COMMERCIAL LIMITED**DIRECTORS' REPORT (Continued)****AUDITORS**

Fullertons have expressed their willingness to continue in office, and in accordance with Section 385 of the Companies Act 1985, a resolution will be put to the Annual General Meeting re-appointing Fullertons as auditors to the company.

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 as at the end of the financial year 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;

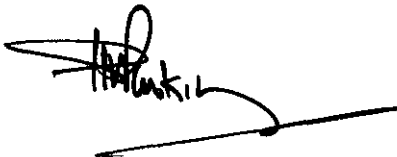
Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

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.

This report was approved by the board of directors on 20 January 2006 and signed on its behalf.



GRAHAM PARKIN

Secretary

The Roundhouse
Wellington Road
LEEDS
LS12 1DR

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**LEEDS COMMERCIAL LIMITED**

We have audited the financial statements of Leeds Commercial Limited for the year ended 30 September 2005 on pages 6 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities on page 4 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 or 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 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FULLERTONS
Registered Auditors
Chartered Accountants
Westbourne House
60 Bagley Lane
Farsley
Leeds
LS28 5LY

20 January 2006

LEEDS COMMERCIAL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	Notes	2005 £	2004 £
Turnover	1	16,156,547	13,942,727
		-----	-----
Staff costs	19	(2,569,658)	(2,354,991)
Depreciation	6	(6,926,847)	(5,817,885)
Other operating charges		(5,484,023)	(4,726,190)
		-----	-----
		(14,980,528)	(12,899,066)
		-----	-----
Operating profit	2	1,176,019	1,043,661
Profit on disposal of fixed assets		693,653	323,268
		-----	-----
Profit before interest		1,869,672	1,366,929
Interest payable and similar charges	3	(1,007,190)	(711,092)
Interest receivable		25,430	23,951
		-----	-----
Profit on ordinary activities before taxation		887,912	679,788
Taxation on profit on ordinary activities	4	(235,623)	(202,000)
		-----	-----
Profit on ordinary activities after taxation		652,289	477,788
Dividend	5	(120,000)	(60,000)
		-----	-----
Amount transferred to reserves	16	532,289	417,788
		=====	=====

None of the company's activities were acquired or discontinued during the year and there were no recognised gains or losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 10 to 17 form part of the financial statements.

LEEDS COMMERCIAL LIMITED**BALANCE SHEET AT 30 SEPTEMBER 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	22,141,803	19,421,602
Investments	7	60,530	60,530
		-----	-----
		22,202,333	19,482,132
CURRENT ASSETS			
Stocks	8	142,144	107,276
Debtors	9	3,514,370	3,460,264
Cash at bank and in hand		966,661	81,003
		-----	-----
		4,623,175	3,648,543
CREDITORS (amounts falling due within one year)	10	(9,593,581)	(8,001,409)
		-----	-----
NET CURRENT LIABILITIES		(4,970,406)	(4,352,866)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		17,231,927	15,129,266
CREDITORS (amounts falling due after more than one year)	11	(11,797,631)	(10,255,054)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(231,479)	(203,684)
		-----	-----
NET ASSETS		5,202,817	4,670,528
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	15	2,375	2,375
Capital redemption reserve		2,625	2,625
Profit and loss account	16	5,197,817	4,665,528
		-----	-----
SHAREHOLDERS' FUNDS	17	5,202,817	4,670,528
		=====	=====

All share capital relates to equity interests.

The financial statements were approved by the board of directors on 20 January 2006 and signed on its behalf.



CHRISTOPHER JOHN MILLER
Director

The notes on pages 10 to 17 form part of the financial statements.

LEEDS COMMERCIAL LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2005**

	Notes	£	2005 £	£	2004 £
Net cash inflow from operating activities	A		8,042,153		7,168,386
Returns on investments and servicing of finance					
Interest paid less received		(981,760)		(687,141)	
Dividends paid		(60,000)		(76,800)	
		-----		-----	
Net cash outflow from returns on investments and servicing of finance			(1,041,760)		(763,941)
Taxation					
Corporation tax (paid)		(242,561)		(190,646)	
		-----		-----	
Tax paid			(242,561)		(190,646)
Investing activities					
Payments to acquire assets		(13,453,153)		(14,101,909)	
Receipts from sales of assets		4,499,758		3,564,006	
		-----		-----	
Net cash outflow from investing activities			(8,953,395)		(10,537,903)
			-----		-----
Net cash (outflow) before financing	C		(2,195,563)		(4,324,104)
Financing					
New bank loans		-		1,070,000	
New hire purchase agreements		10,893,820		10,296,676	
Capital element of hire purchase and loan repayments		(7,812,599)		(6,899,836)	
		-----		-----	
Net cash inflow/(outflow) from Financing			3,081,221		4,466,840
			-----		-----
Increase/(decrease) in cash and cash equivalent assets	B,C		885,658		142,736
			=====		=====

The notes on page 9 form part of this cash flow statement.

LEEDS COMMERCIAL LIMITED**NOTES TO THE CASH FLOW STATEMENT****A) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating profit	1,176,019	1,043,661
Depreciation charges	6,926,487	5,817,885
(Increase) in stocks	(34,868)	(24,531)
(Increase) in debtors	(54,106)	(71,907)
Increase in creditors	28,621	403,278
	-----	-----
	<u>8,042,153</u>	<u>7,168,386</u>

B) ANALYSIS OF CHANGES IN CASH AND IN NET DEBT

	Balance 1 October 2004 £	Cash flows £	Other changes £	Balance 30 September 2005 £
Cash in hand	81,003	885,658	-	966,661
Bank overdraft	-	-	-	-
	-----	-----	-----	-----
	81,003	885,658	-	966,661
Debt due within one year	(5,843,659)	2,092,629	(3,631,273)	(7,382,303)
Debt due after one year	(10,255,054)	5,719,970	(7,262,547)	(11,797,631)
	-----	-----	-----	-----
	<u>(16,017,710)</u>	<u>8,698,257</u>	<u>(10,893,820)</u>	<u>(18,213,273)</u>

C) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005 £	2004 £
Increase/(decrease) in cash in the period	885,658	142,736
New bank loans	-	(1,070,000)
New hire purchase agreements	(10,893,820)	(10,296,676)
Cash paid in repaying finance leases and loans	7,812,599	6,899,836
	-----	-----
Change in net debt	(2,195,563)	(4,324,104)
Net debt at 1 October 2004	(16,017,710)	(11,693,606)
	-----	-----
Net debt at 30 September 2005	<u>(18,213,273)</u>	<u>(16,017,710)</u>

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 ACCOUNTING POLICIES****Basis of preparation of financial statements**

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company during the year, net of value added tax and trade discounts.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less depreciation calculated at rates estimated to write off the assets over their expected useful lives. The rates of depreciation applied are:

Vehicles	25% per annum reducing balance basis
Equipment and fittings	25% per annum reducing balance basis
Freehold land and buildings	2% per annum straight line basis

Leasing and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Stocks

Stocks, comprising vehicles for resale and vehicle spares, are valued at the lower of purchase invoice cost and net realisable value.

Pension scheme

The company operates a defined contribution scheme on behalf of its employees. Employees are not required to join the scheme, but where they do, the company makes a contribution on their behalf when employees contribute above certain limits. Certain directors are members of a non-contributory pension scheme, the assets of which are held separately from the company.

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 ACCOUNTING POLICIES (continued)****Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 OPERATING PROFIT

	2005	2004
	£	£
The operating profit on ordinary activities is stated after charging:		
Auditors' remuneration	13,500	13,000
Depreciation of:		
- Owned assets	1,793,058	1,496,205
- Assets held under finance leases and hire purchase contracts	5,133,789	4,321,680
Operating lease rentals:		
- Hire of vehicles	490,769	527,516
- Other	165,023	120,625
Uninsured loss	(39,222)	185,000
	<u>=====</u>	<u>=====</u>

The uninsured loss was caused by the failure of the Independent Insurance Company.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
On bank overdraft and loan	59,778	53,897
On hire purchase obligations	947,412	657,195
	<u>-----</u>	<u>-----</u>
	<u>1,007,190</u>	<u>711,092</u>

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****4 TAXATION**

	2005 £	2004 £
Current year taxation	207,828	238,335
Transfer from deferred taxation (note 14)	27,795	(36,335)
	----- 235,623	----- 202,000
Reconciliation of tax charge:		
Corporation tax at 32.75% on accounting profit	290,791	222,631
Effect of marginal rate reductions	(41,250)	(41,250)
Effect of capital allowances movement	(21,806)	48,858
Effect of other adjustments	14,069	8,096
Effect of capital disposals	(33,976)	-
	----- 207,828	----- 238,335

Full provision is made for deferred taxation as shown in note 15.

5 DIVIDENDS

	2005 £	2004 £
At £50.53 (2004: £25.26) per share	120,000	60,000
	=====	=====

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Equipment and fittings £	Vehicles £	Total £
Cost				
At 1 October 2004	2,064,812	324,368	30,383,059	32,772,239
Additions	-	75,827	13,377,326	13,453,153
Disposals	(593,235)	-	(7,616,673)	(8,209,908)
	----- 1,471,577	----- 400,195	----- 36,143,712	----- 38,015,484
At 30 September 2005	=====	=====	=====	=====
Depreciation				
At 1 October 2004	89,360	164,936	13,096,341	13,350,637
Provision for the year	29,431	53,378	6,844,038	6,926,847
Disposals	(71,979)	-	(4,331,824)	(4,403,803)
	----- 46,812	----- 218,314	----- 15,608,555	----- 15,873,681
At 30 September 2005	=====	=====	=====	=====
Net book value at				
30 September 2005	1,424,765	181,881	20,535,157	22,141,803
	=====	=====	=====	=====
Net book value at				
30 September 2004	1,975,452	159,432	17,286,718	19,421,602
	=====	=====	=====	=====

The net book value of vehicles includes £15,401,368 (2004: £12,965,039) of assets held under finance leases and hire purchase contracts.

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****7 INVESTMENTS**

	2005	2004
	£	£
Freehold property at cost	60,530	60,530
	<u>=====</u>	<u>=====</u>

8 STOCKS

	2005	2004
	£	£
Stock of vehicles for resale	17,000	-
Consumable spares	125,144	107,276
	<u>-----</u>	<u>-----</u>
	142,144	107,276
	<u>=====</u>	<u>=====</u>

9 DEBTORS

	2005	2004
	£	£
Trade debtors	3,090,587	3,134,675
Other debtors	130,863	63,998
Prepayments and accrued income	292,920	261,591
	<u>-----</u>	<u>-----</u>
	3,514,370	3,460,264
	<u>=====</u>	<u>=====</u>

10 CREDITORS (amounts falling due within one year)

	2005	2004
	£	£
Bank loans and overdrafts (note 12)	94,050	119,600
Obligations under finance leases and hire purchase contracts (note 13)	7,288,253	5,724,059
Trade creditors	1,258,830	1,067,023
Other creditors	31,588	43,023
Other taxes and social security	176,048	193,914
Accruals and deferred income	416,206	550,091
Dividends payable	120,000	60,000
Corporation tax	208,606	243,699
	<u>-----</u>	<u>-----</u>
	9,593,581	8,001,409
	<u>=====</u>	<u>=====</u>

The bank borrowings are secured by means of a debenture over the company's assets, including first legal charges over the freehold properties, but excluding vehicles.

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****11 CREDITORS (amounts falling due after more than one year)**

	2005	2004
	£	£
Bank loan (note 12)	846,742	1,021,457
Obligations under finance leases and hire purchase contracts (note 13)	10,950,889	9,233,597
	-----	-----
	11,797,631	10,255,054
	=====	=====

12 BANK LOAN

	2005	2004
	£	£
The bank loan is repayable:		
Within one year	94,050	119,600
Between one and two years	102,150	138,250
Between two and five years	312,150	345,350
Over five years	432,442	537,857
	-----	-----
	940,792	1,141,057
	=====	=====

The company has bank mortgages repayable by instalments at an interest rate of 1.5% above bank base rates. The loans mature in 2013 and 2014 respectively.

13 HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2005	2004
	£	£
Within one year	7,397,167	5,807,705
Within two to five years	11,114,537	9,437,873
	-----	-----
	18,511,704	15,245,578
Less: Finance charges allocated to future periods	272,562	287,922
	-----	-----
	18,239,142	14,957,656
	=====	=====

Finance leases and hire purchase contracts are analysed as follows:

Current obligations	7,288,253	5,724,059
Non-current obligations	10,950,889	9,233,597
	-----	-----
	18,239,142	14,957,656
	=====	=====

All hire purchase obligations mature between two and five years and are secured on the assets to which they relate. Most hire purchase contracts are subject to variable rates of interest.

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****14 PROVISIONS FOR LIABILITIES AND CHARGES**

	2005 £
Deferred taxation:	
At 1 October 2004	203,684
Transfer to profit and loss account	27,795

At 30 September 2005	231,479
	=====

The provision of deferred taxation is made up as follows:

	2005 £	Provided 2004 £
Accelerated capital allowances	231,479	203,684
Current year taxation	-	-
	-----	-----
	231,479	203,684
	=====	=====

15 CALLED UP SHARE CAPITAL

	2005 £	2004 £
Allotted and fully paid:		
Ordinary shares of £1 each	2,375	2,375
	=====	=====
Authorised:		
Ordinary shares of £1 each	10,000	10,000
	=====	=====

16 PROFIT AND LOSS ACCOUNT

	2005 £
At 1 October 2004	4,665,528
Retained profit for the year	532,289

At 30 September 2005	5,197,817
	=====

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005	2004
	£	£
Profit for the financial year	652,289	477,788
Dividends	(120,000)	(60,000)
	-----	-----
Net additions to shareholders' funds	532,289	417,788
Opening shareholders' funds	4,670,528	4,252,740
	-----	-----
Closing shareholders' funds	5,202,817	4,670,528
	=====	=====

18 DIRECTORS' EMOLUMENTS

	2005	2004
	£	£
Management emoluments	360,624	346,693
Pension contributions	36,051	145,000
	-----	-----
	360,624	491,693
	=====	=====
Highest paid director (excluding pension contributions)	211,012	205,023
	=====	=====

19 PARTICULARS OF EMPLOYEES

The average number of persons (including directors) employed by the company during the year was:

	2005	2004
Category: Directors	3	4
Office staff	11	10
Sales	12	9
Mechanics	63	56
	-----	-----
	89	79
	=====	=====

Their total remuneration was:

	2005	2004
	£	£
Wages and salaries	2,232,029	1,917,174
Social security costs	256,211	194,692
Other pension costs	81,418	243,125
	-----	-----
	2,569,658	2,354,991
	=====	=====

LEEDS COMMERCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****20 CAPITAL COMMITMENTS**

At the year end the company had capital commitments not provided for in these accounts as follows:

	2005	2004
	£	£
Contracted for but not provided for in these accounts	1,613,567	1,734,565
	=====	=====

21 OTHER COMMITMENTS

At 30 September 2005 the company had the following annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within one year	10,000	10,000	244,238	405,218
Between two and five years	-	-	175,810	202,733
After more than five years	172,500	97,500	-	-
	=====	=====	=====	=====

22 RELATED PARTIES - Transactions Involving Directors

Included in other creditors (note 10) are loans due to certain directors, analysed as follows:

	2005	2004
	£	£
C J Miller	21,731	20,565
	=====	=====