

DEREK GLADWIN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2000



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**Thain Wildbur
Chartered Accountants
36/38 King Street
King's Lynn
Norfolk
PE30 1ES**

DEREK GLADWIN LIMITED

COMPANY INFORMATION

DIRECTORS

R.H. DEATH
MRS. M.S. DEATH
H.R. DEATH
MRS. S.J. DEATH

SECRETARY

MRS S. BEDFORD

COMPANY NUMBER

00810899

REGISTERED OFFICE

Church Road
Warboys
Cambridgeshire
PE17 2RL

AUDITORS

Thain Wildbur
36/38 King Street
King's Lynn
Norfolk
PE30 1ES

BUSINESS ADDRESS

Church Road
Warboys
Cambridgeshire
PE17 2RL

BANKERS

Barclays Bank Plc
Peterborough Corporate Management Team
P.O. Box 421
1 Church Street
Peterborough PE1 1QP

DEREK GLADWIN LIMITED

DIRECTORS' REPORT **FOR THE YEAR ENDED 31ST JULY 2000**

The directors present their report and the financial statements for the year ended 31st July 2000.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of vehicle accident repairs and painting specialists. The company continues to expand and has successfully contracted to purchase freehold property enabling it to provide a fourth depot from which to operate. The company continues to receive support from its directors and its corporate bank.

RESULTS AND DIVIDENDS

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

The directors do not recommend payment of a final dividend.

POST BALANCE SHEET EVENTS

On 29th September 2000, the company entered into and agreed to purchase its own shares from retiring directors/shareholders R.H & Mrs M.S. Death. The net result is to further capitalise undistributed profits of £975,000 as at that date.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2000	1999
R.H. DEATH	1,125	1,125
MRS. M.S. DEATH	1,125	1,125
H.R. DEATH	750	750
MRS. S.J. DEATH	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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.

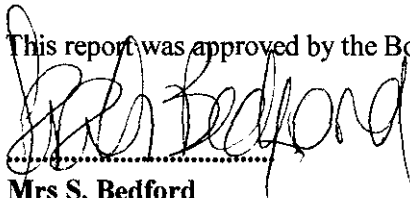
DEREK GLADWIN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST JULY 2000

AUDITORS

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Thain Wildbur will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on 12th March 2001 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'S. Bedford', is written over a dotted line.

Mrs S. Bedford
Secretary

DEREK GLADWIN LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS OF DEREK GLADWIN LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 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 31st July 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dated: 12th March 2001

**Thain Wildbur
Chartered Accountants and
Registered Auditors
36/38 King Street
King's Lynn
Norfolk
PE30 1ES**

DEREK GLADWIN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2000

		Continuing operations	
		2000	1999
	Notes	£	£
TURNOVER	2	4,903,157	4,034,466
Cost of sales		(3,402,176)	(2,796,390)
GROSS PROFIT		1,500,981	1,238,076
Administrative expenses		(1,052,150)	(874,354)
OPERATING PROFIT	3	448,831	363,722
Interest receivable and similar income	4	5,175	585
Interest payable and similar charges	5	(65,422)	(73,853)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		388,584	290,454
Tax on profit on ordinary activities	8	(90,038)	(61,433)
RETAINED PROFIT FOR THE YEAR		298,546	229,021
RETAINED PROFIT BROUGHT FORWARD		650,181	421,160
RETAINED PROFIT CARRIED FORWARD		948,727	650,181

There are no recognised gains or losses other than the profit or loss for the above two financial years.


The notes on pages 7 to 18 form an integral part of these financial statements.

DEREK GLADWIN LIMITED

BALANCE SHEET
AS AT 31ST JULY 2000

	Notes	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9 10		1,360,687		1,304,217
CURRENT ASSETS					
Stocks	11	81,389		90,133	
Debtors	12	585,206		712,688	
Cash at bank and in hand		441,662		73,513	
		<u>1,108,257</u>		<u>876,334</u>	
CREDITORS:					
amounts due within one year	14	(719,831)		(682,638)	
NET CURRENT ASSETS			<u>388,426</u>		<u>193,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,749,113</u>		<u>1,497,913</u>
CREDITORS:					
amounts due after more than one year	15		(703,986)		(753,382)
PROVISION FOR LIABILITIES AND CHARGES	17		(20,550)		(18,500)
NET ASSETS			<u><u>1,024,577</u></u>		<u><u>726,031</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		3,000		3,000
Revaluation reserve	19		72,850		72,850
Profit and loss account	19		948,727		650,181
SHAREHOLDERS FUNDS	20		<u><u>1,024,577</u></u>		<u><u>726,031</u></u>

The financial statements were approved by the Board on 12th March 2001 and signed on its behalf by



Director

The notes on pages 7 to 18 form an integral part of these financial statements.

DEREK GLADWIN LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2000

	Notes	2000 £	1999 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		448,831	363,722
Depreciation		87,763	78,894
Decrease in stocks		8,744	(23,673)
Decrease in debtors		127,482	(248,955)
(Decrease) in creditors		(16,978)	(13,952)
Net cash inflow from operating activities		655,842	156,036
CASH FLOW STATEMENT			
Net cash inflow from operating activities		655,842	156,036
Returns on investments and servicing of finance	21	(60,247)	(73,268)
Taxation	21	(61,880)	3,653
Capital expenditure	21	(131,810)	(44,440)
		401,905	41,981
Financing	21	(57,602)	(40,362)
Increase in cash in the year		344,303	1,619
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 22)			
Increase in cash in the year		344,303	1,619
Cash outflow from increase in debts and lease financing		57,602	40,362
Change in net funds resulting from cash flows		401,905	41,981
New finance leases		(12,423)	(33,827)
Movement in net funds in the year		389,482	8,154
Net debt at 1st August 1999		(940,344)	(948,498)
Net debt at 31st July 2000		(550,862)	(940,344)

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST JULY 2000**

1. ACCOUNTING POLICIES

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales and work done during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	15% reducing balance
Furniture and office equipment	-	15% reducing balance/20% straight line
Motor vehicles	-	25% reducing balance

Contrary to the requirements of SSAP 12 (revised) and the Companies Act 1985 a policy of not depreciating freehold buildings has been adopted as the directors believe this enables the financial statements to show a true and fair view.

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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Cost represents purchase price or production cost, calculated on a first-in-first out basis. Production cost includes attributable production overheads.

1.6. Pensions

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

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method and represents corporation tax deferred by the excess of capital allowances claimed over depreciation charged in the accounts.

2. TURNOVER

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

3. OPERATING PROFIT

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets and amortisation of leasehold property	84,217	79,910
Loss/(profit) on disposal of tangible fixed assets	3,546	(1,016)
Hire of plant and machinery and operating leases	112,297	103,207
Auditors remuneration	7,029	7,565
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Bank interest	5,175	585
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	63,914	73,366
Hire purchase interest	1,508	487
	<u> </u>	<u> </u>
	<u>65,422</u>	<u>73,853</u>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

6. EMPLOYEES

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2000	1999
Production	54	50
Administration	19	16
	<u>73</u>	<u>66</u>

Employment costs

	2000	1999
	£	£
Wages and salaries	1,451,321	1,197,197
Social security costs	140,527	114,229
Other pension costs	31,005	12,219
	<u>1,622,853</u>	<u>1,323,645</u>

6.1. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Remuneration and other emoluments (including benefits)	116,425	118,454
Pension contributions	31,005	12,219
	<u>147,430</u>	<u>130,673</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	4

7. PENSION COSTS

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £31,005 (1999 - £12,219).

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

8. TAXATION

	2000 £	1999 £
UK current year taxation		
UK Corporation tax	88,008	61,900
Transfer to deferred taxation	2,050	(25)
	<hr/> 90,058	<hr/> 61,875
 Prior years		
UK Corporation Tax	(20)	(442)
	<hr/> 90,038	<hr/> 61,433

9. TANGIBLE FIXED ASSETS - PROPERTY

	Freehold Church Road Warboys £	Freehold Unit 7 Harding Way St Ives £	Leasehold 12 Nuffield Road Cambridge £	Total £
Cost/valuation				
At 1st August 1999	261,452	140,683	602,787	1,004,922
Additions	-	-	18,915	18,915
	<hr/> 261,452	<hr/> 621,702	<hr/> 140,683	<hr/> 1,023,837
Depreciation				
At 1st August 1999	2,500	-	9,558	12,058
Revaluation	(2,500)	-	-	(2,500)
Charge for the year	-	-	5,316	5,316
	<hr/> -	<hr/> 14,874	<hr/> -	<hr/> 14,874
Net book values				
At 31st July 2000	<hr/> 261,452	<hr/> 140,683	<hr/> 606,828	<hr/> 1,008,963
At 31st July 1999	<hr/> 258,952	<hr/> 140,683	<hr/> 593,229	<hr/> 992,864

Freehold property includes £250,000 at valuation which was undertaken in 1991. The original cost of this asset was £177,150 and £72,850 was transferred to a revaluation reserve.

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

10. OTHER TANGIBLE FIXED ASSETS

	Plant & machinery £	Furniture & office equipment £	Motor vehicles £	Total £
Cost/valuation				
At 1st August 1999	401,187	28,132	181,218	610,537
Additions	73,236	1,949	62,133	137,318
Disposals	-	-	(24,014)	(24,014)
At 31st July 2000	474,423	30,081	219,337	723,841
Depreciation				
At 1st August 1999	213,139	11,735	74,310	299,184
On disposals	-	-	(8,468)	(8,468)
Charge for the year	38,303	4,723	38,375	81,401
At 31st July 2000	251,442	16,458	104,217	372,117
Net book values				
At 31st July 2000	222,981	13,623	115,120	351,724
At 31st July 1999	188,048	16,397	106,908	311,353

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

Asset description	2000		1999	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	31,251	10,417	38,850	9,912

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

11. STOCKS

	2000	1999
	£	£
Raw materials and consumables	28,139	27,370
Work in progress	53,250	62,763
	<u>81,389</u>	<u>90,133</u>

12. DEBTORS

	2000	1999
	£	£
Trade debtors	569,108	700,395
Other debtors	3,232	1,055
Prepayments and accrued income	12,866	11,238
	<u>585,206</u>	<u>712,688</u>

13. TRANSACTIONS WITH DIRECTORS

The following directors had interest free loans during the year. The balances on these loans are as follows:

	Amount Owing		Maximum
	2000	1999	in year
	£	£	£
Mr and Mrs H.R. Death	<u>2,162</u>	<u>-</u>	<u>2,162</u>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000 £	1999 £
Bank overdraft	240,170	216,324
Bank loans	36,578	30,717
Net obligations under finance leases and hire purchase contracts	11,790	13,434
Trade creditors	229,601	225,308
Corporation tax	88,008	61,900
Other taxes and social security costs	100,014	86,319
Directors' loan accounts	1,224	37,186
Other creditors	1,000	1,000
Accruals and deferred income	11,446	10,450
	<u>719,831</u>	<u>682,638</u>
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2000 £	1999 £
Bank loans	699,926	742,364
Net obligations under finance leases and hire purchase contracts	4,060	11,018
	<u>703,986</u>	<u>753,382</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	36,578	30,717
Repayable between one and two years	36,578	30,717
Repayable between two and five years	109,734	92,151
Repayable in five years or more	553,614	619,496
	<u>736,504</u>	<u>773,081</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	11,790	13,434
Repayable between one and five years	4,060	11,018
	<u>15,850</u>	<u>24,452</u>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

16. SECURITY

The bank overdraft is secured by the following : a) A charge over the freehold property at Church Road, Warboys and on the fixed and floating assets of the company on the banks debenture dated 21st April 1988. b) A legal charge over freehold deeds relating to Unit 7, Harding Way, St. Ives on a banks form dated 13th September 1993. c) A legal charge over freehold deeds relating to 12, Nuffield Road, Cambridge on a banks form dated 17th December 1997.

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed over the following timing differences:

	Provided	
	2000	1999
	£	£
Accelerated capital allowances	20,550	18,500
	<hr/>	<hr/>
Movements on the provision for deferred taxation are:		
	2000	1999
	£	£
At 1st August 1999	18,500	18,525
Transferred from profit and loss account	2,050	(25)
	<hr/>	<hr/>
At 31st July 2000	20,550	18,500
	<hr/>	<hr/>

18. SHARE CAPITAL

	2000	1999
	£	£
Authorised equity		
3,000 Ordinary shares of £1 each	3,000	3,000
	<hr/>	<hr/>
Allotted, called up and fully paid equity		
3,000 Ordinary shares of £1 each	3,000	3,000
	<hr/>	<hr/>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

19. EQUITY RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1st August 1999	72,850	650,181	723,031
Retained profit for the year	-	298,546	298,546
At 31st July 2000	<u>72,850</u>	<u>948,727</u>	<u>1,021,577</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the year	298,546	229,021
Opening shareholders' funds	<u>726,031</u>	<u>497,010</u>
Closing shareholders' funds	<u>1,024,577</u>	<u>726,031</u>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

21. GROSS CASH FLOWS

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest received	5,175	585
Interest paid	(65,422)	(73,853)
	<u>(60,247)</u>	<u>(73,268)</u>
Taxation		
Corporation tax paid	(61,880)	-
Corporation tax repaid	-	3,653
	<u>(61,880)</u>	<u>3,653</u>
Capital expenditure		
Payments to acquire tangible assets	(143,810)	(73,368)
Receipts from sales of tangible assets	12,000	28,928
	<u>(131,810)</u>	<u>(44,440)</u>
Financing		
Repayment of bank loans	(36,577)	(30,987)
Capital element of hire purchase contracts	(21,025)	(9,375)
	<u>(57,602)</u>	<u>(40,362)</u>

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

22. ANALYSIS OF CHANGES IN NET DEBT

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	73,513	368,149		441,662
Overdrafts	(216,324)	(23,846)		(240,170)
	<u>(142,811)</u>	<u>344,303</u>		<u>201,492</u>
Debt due within one year	(30,717)	36,577	(42,438)	(36,578)
Debt due after one year	(742,364)	-	42,438	(699,926)
Finance leases	(24,452)	21,025	(12,423)	(15,850)
	<u>(797,533)</u>	<u>57,602</u>	<u>(12,423)</u>	<u>(752,354)</u>
Net debt	<u><u>(940,344)</u></u>	<u><u>401,905</u></u>	<u><u>(12,423)</u></u>	<u><u>(550,862)</u></u>

23. POST BALANCE SHEET EVENTS

On 29th September 2000, the company entered into and agreed to purchase its own shares from retiring directors/shareholders R.H & Mrs M.S. Death. The net result is to further capitalise undistributed profits of £975,000 as at that date.

DEREK GLADWIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000

..... continued

24. RELATED PARTY TRANSACTIONS

Controlling interest

The company is under the control of the directors who are also shareholders and whose interests are disclosed in the directors report.

Related party balances:

Name	Relationship	2000	1999
		£	£
Mr and Mrs R.H. Death	Directors	(1,224)	(11,224)
Mr and Mrs H.R. Death	Directors	2,162	(25,962)

Related party transactions

Total debits amounting to £38,124 represent private payments made. There were no credits in the year. All transactions were conducted at a fair value.