

1436160

WHEELMASTER LIMITED
FINANCIAL STATEMENTS
31st December 1991



WHEELMASTER

WHEELMASTER LIMITED

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REPORT OF THE DIRECTORS

PRESENT DIRECTORS

R.J.Lancaster
N.R.Lancaster
D.D.T.Gricks

The directors present their annual report and the audited accounts for the year ended 31st December 1991.

PRINCIPAL ACTIVITIES

The company provides contract hire and fleet management services.

REVIEW OF THE BUSINESS

During the year the decision was taken to close the company's contract hire operations and closure costs and losses for the future periods are included in the company's results for the year.

RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 3. The directors do not recommend the payment of a dividend (1990 - £nil).

DIRECTORS

The above directors served throughout the year, with the exception of Mr.D.D.T.Gricks who was appointed a director on 11th March 1991. Mr.N.R.Lancaster has announced that he intends to resign as a director on 31st March 1992.

DIRECTORS' INTERESTS

None of the directors had any interests in the shares or debentures of the company, or of the company's fellow subsidiaries or holding company which require notification to the company in accordance with the provisions of Section 324 of the Companies Act 1985.

REGISTERED NUMBER

1436160

INSURANCE

The company's ultimate holding company, Jardine Matheson Holdings Limited, maintains a Directors' and Officers' Liability insurance policy covering itself and all its subsidiaries.

AUDITORS

Pursuant to the elective resolution passed on the 11th November 1991, the auditors, Price Waterhouse, will continue in office.

3 Lombard Street
London, EC3V 9AQ

By order of the Board

Matheson & Co., Limited

Secretaries

Temple G

ASSISTANT SECRETARY

Lancaster

AUDITORS' REPORT TO THE MEMBERS OF WHEELMASTER LIMITED

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Paul Listerhouse

Chartered Accountants
and Registered Auditor

London, SE1

25th March 1992

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1991

	Note	1991 £	1990 £
TURNOVER		1,028,250	2,496,840
Cost of sales		(837,203)	(1,792,213)
GROSS PROFIT		191,047	704,627
Administrative expenses		(371,916)	(1,032,054)
OPERATING LOSS	2	(180,869)	(327,427)
Interest receivable	3	91,189	24,663
LOSS ON ORDINARY ACTIVITIES BEFORE EXTRAORDINARY ITEMS		(89,680)	(302,764)
Extraordinary items - losses on closure of contract hire operation	4	(2,700,000)	(800,000)
LOSS ON ACTIVITIES BEFORE TAXATION		(2,789,680)	(1,102,764)
Tax on loss on activities	7	133,428	308,096
RETAINED LOSS FOR THE FINANCIAL YEAR	13	(2,656,252)	(794,668)

The notes on pages 6 to 10 form an integral part of these accounts.

WHEELMASTER

BALANCE SHEET
31st December 1991

	Note	£	1991 £	£	1990 £
FIXED ASSETS					
Tangible assets	8		16,382		23,635
CURRENT ASSETS					
Vehicle stock		706,999		704,461	
Debtors					
Trade debtors		371,073		561,348	
Other debtors		15,748		46,305	
Group relief receivable		333,992		307,485	
Amount due from group undertakings		-		252,092	
Prepayments and accrued income		4,782		21,063	
Cash at bank and in hand		-		80	
		<u>1,432,594</u>		<u>1,892,834</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loans and overdrafts		986,474		570,165	
Trade creditors	9	1,686,536		850,876	
Other creditors		277,179		493,912	
Amount due to group undertakings		976,193		-	
Taxation and social security		39,747		191,752	
		<u>3,966,129</u>		<u>2,106,705</u>	
NET CURRENT LIABILITIES			(2,533,535)		(213,871)
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,517,153)		(190,236)
PROVISION FOR LIABILITIES AND CHARGES					
Provisions	10		(1,131,770)		(800,000)
Deferred taxation	11		(-)		(2,435)
			<u>(3,648,923)</u>		<u>(992,671)</u>
CAPITAL AND RESERVES					
Called up share capital	12		2		2
Revenue reserves	13		(3,648,925)		(992,673)
			<u>(3,648,923)</u>		<u>(992,671)</u>
			=====		=====

APPROVED BY THE BOARD OF DIRECTORS

25th March 1992



The notes on pages 6 to 10 form an integral part of these accounts.

LANCASTER

SOURCE AND APPLICATION OF FUNDS
For the year ended 31st December 1991

	£	1991 £	£	1990 £
SOURCE OF FUNDS				
Loss on activities before taxation		(2,789,680)		(1,102,764)
Items not involving the movement of funds:				
Loss on disposal of fixed assets	1,658		2,842	
Depreciation	4,963		4,877	
Provision for losses on closure of contract hire operation	2,700,000		800,000	
		2,706,621		307,719
FUNDS ABSORBED BY OPERATIONS		(83,059)		(295,045)
FUNDS FROM OTHER SOURCES				
Disposal of fixed assets	5,396		1,348	
Group relief received	104,486		27,017	
		109,882		28,365
APPLICATION OF FUNDS				
Purchase of fixed assets	(4,764)		(110)	
Provision utilised	(1,086,907)		-	
		(1,091,671)		(110)
		(1,064,848)		(266,790)
		=====		=====
INCREASE/(DECREASE) IN WORKING CAPITAL				
Stock	2,538		632,993)	
Debtors	(237,113)		(51,676)	
Creditors	814,401		(547,036)	
Amount due to group undertakings	(1,228,285)		(561,160)	
Cash in hand	(80)		(70)	
Bank overdrafts	(416,309)		260,159	
		(1,064,848)		(266,790)
		=====		=====

NOTES TO THE ACCOUNTS
31st December 1991

1. ACCOUNTING POLICIES

a) CONVENTION

These accounts have been prepared in accordance with the historical cost convention using applicable accounting standards. The principal accounting policies which the directors have adopted within that convention are set out below. Turnover and costs are included up to the date the decision to close the business was taken.

b) TURNOVER

Turnover comprises amounts invoiced relating to vehicle maintenance contracts, excluding value added tax.

c) MAINTENANCE CONTRACTS

The company operates contract hire agreements under which Wheelmaster Limited holds maintenance contracts for vehicles leased to customers by finance companies. Maintenance contract income is credited to the profit and loss account evenly over the period of the contract.

d) DEFERRED TAXATION

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where, in the opinion of the directors, the liabilities will not crystallise in the foreseeable future.

e) DEPRECIATION

Depreciation is calculated to write off the cost of each category of fixed assets, using the straight line method, during its expected useful life. The lives used are as follows:

Fixtures and fittings	5 - 10 years;
Computers	3 - 5 years.

f) STOCKS

Stock is valued at the lower of cost and net realisable value. Cost is actual purchase price.

g) PENSION COSTS

Lancaster plc has appointed Trustees to administer a contributory pension scheme, based on the cost of providing pensions across all participating Lancaster group companies, whose costs are not individually determined. As a result, contributions allocated to the company are charged against profits for the year in which they become payable. Full details are given in the accounts of the parent company, Lancaster plc.

NOTES TO ACCOUNTS
31st December 1991

2.	OPERATING LOSS	1991 £	1990 £
	Operating loss is arrived at after charging:		
	Auditors' remuneration	18,622	10,597
	Depreciation	4,963	4,877
		=====	=====

3.	INTEREST RECEIVABLE	£	£
	Bank loans and overdrafts	29,353	24,663
		=====	=====

The figure above represents interest received for the year ended 31st December 1991. That shown in the profit and loss account is for the period up to when the decision to close the business was taken. Interest since that date has been charged against the extraordinary provision that has been set up to cover future losses (see note 4).

4.	EXTRAORDINARY ITEM	£	£
	Losses on closure of contract hire operation	2,700,000	800,000
		=====	=====

During the year a decision was taken to close the contract hire operation. The amounts above represent anticipated closure costs and contract losses until operations have ceased completely.

5.	EMPLOYEES		
	The average number employed by the company within each category of persons was:		
	Sales staff	7	11
	After-sales staff	-	5
	Administration staff	7	7
		--	--
		14	23
		==	==

The costs incurred in respect of these employees were:

	£	£
Wages and salaries	222,702	382,999
Social security costs	21,932	36,002
Other pension costs	6,810	17,488
Other staff costs	78,725	157,203
	-----	-----
	330,169	593,692
	=====	=====

NOTES TO THE ACCOUNTS
31st December 1991

6. DIRECTORS

No emoluments or fees were paid to directors during the year (1990 - £nil).

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	1991 £	1990 £
Taxation is based on losses for the year and comprises:		
Corporation tax/group relief at 33.25% (1990 - 34.25%)	(135,135)	(307,485)
Corporation tax movements relating to prior periods	4,142	-
Deferred tax (see note 11)	(2,435)	(611)
	<u>(133,428)</u>	<u>(308,096)</u>
	=====	=====

8. FIXED ASSETS

	Fixtures and fittings £	Computers £	TOTAL £
COST			
At 1st January 1991	24,282	10,463	34,745
Transfers from group undertakings	10,420	-	10,420
Disposals/Reclassifications	(8,196)	(1,998)	(10,194)
	<u>26,506</u>	<u>8,465</u>	<u>34,971</u>
	-----	-----	-----
DEPRECIATION			
At 1st January 1991	5,994	5,116	11,110
Provided for the year	3,098	1,865	4,963
Transfers from group undertakings	5,656	-	5,656
Disposals/Reclassifications	(2,071)	(1,069)	(3,140)
	<u>12,677</u>	<u>5,912</u>	<u>18,589</u>
	-----	-----	-----
NET BOOK AMOUNT			
At 31st December 1991	£13,829	£2,553	£16,382
	=====	=====	=====
At 31st December 1990	£18,288	£5,347	£23,635
	=====	=====	=====

NOTES TO THE ACCOUNTS
31st December 1991

9. TRADE CREDITORS

Trade creditors includes amounts due arising from the purchase of stocks from suppliers who claim that, under the terms of trade, ownership thereof does not pass to the company until sums due to those suppliers are settled.

10. PROVISIONS	1991 £	1990 £
At 1st January 1991	800,000	-
Losses on closure of contract hire operation	2,700,000	800,000
Provision utilised during the period	(1,086,907)	-
	<u>2,413,093</u>	<u>800,000</u>
Less amounts falling due within one year	(1,281,223)	(800,000)
	<u>1,131,770</u>	<u>-</u>
Provisions (amounts falling due after one year)	=====	=====

11. DEFERRED TAX

a)Provisions at year end	1991		1990	
	Provided	Not provided	Provided	Not provided
	-----	-----	-----	-----
Capital allowances in excess of depreciation	£nil	£nil	£2,435	£nil
b)Movement in the year				£
At 1st January 1991				2,435
Credit for the year				(462)
Credit in respect of previous years				(1,973)
				<u>-</u>
At 31st December 1991				=====

12. SHARE CAPITAL	1991 £	1990 £
Authorised		
100 ordinary shares of £1 each	100	100
	===	===
Allotted and fully paid		
2 Ordinary shares of £1 each	2	2
	=	=

NOTES TO THE ACCOUNTS
31st December 1991

13. REVENUE RESERVES

£

Balance at 1st January 1991	(992,673)
Retained loss for the year	(2,656,252)

Balance at 31st December 1991	(3,648,925)
	=====

14. CONTINGENT LIABILITIES

There are contingent liabilities at 31st December 1991 in respect of guarantees covering bank overdrafts in the holding company and fellow subsidiaries. These overdrafts amounted to £10,899,409 at 31st December 1991 (1990 - £16,083,635).

15. FINANCIAL COMMITMENTS

1991
£1990
£

Vehicle repurchase agreements	14,223,361	18,616,834
	=====	=====

The vehicle repurchase agreements are guaranteed in full by the parent undertaking, Lancaster plc.

16. ULTIMATE PARENT COMPANY

The parent undertaking is Lancaster plc, a company incorporated in England. The company's parent undertaking has confirmed that it is its present intention to provide financial support to the company to enable it to meet its liabilities as and when they fall due.

The ultimate parent company is Jardine Matheson Holdings Limited, a company incorporated in Bermuda.

Consolidated accounts for both can be obtained from:

Jardine House
6 Crutched Friars
London EC3N 2HT.