

DON-BUR (BODIES & TRAILERS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999
COMPANY REGISTRATION NUMBER 1571914



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DON-BUR (BODIES & TRAILERS) LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 1999.

Activities

The company is primarily a commercial vehicle body builder and trailer manufacturer.

Business review and results

Profits before tax in the year of **£189,000** (1998 - £400,000, including exceptional profits of £121,000) are reported.

Turnover was up only some 1%, with gross margins slightly reduced and with selling costs increased.

Our product development program continues to ensure that we offer customers optimal body building choices that provide highly flexible cost effective solutions to their distribution challenges.

The coming year will see even greater development programs as we strive to stay ahead of our competitors.

We should like to thank our workforce, suppliers and finance providers for their support in achieving these results and believe that with their continued commitment we will produce the outcomes we deserve.

The results for the year are set out on page 5 of the financial statements.

Director's 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 for that year. 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DON-BUR (BODIES & TRAILERS) LIMITED

DIRECTORS' REPORT (CONTINUED)

Dividends

The directors recommend a dividend of **£25,000** (1998- nil).

Fixed assets

Movements in tangible fixed assets are disclosed in note 8 to the financial statements.

Employees

Employees are informed, both formally and informally, of changes in operations and matters generally which affect them as employees.

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to the possible hazards associated with the work involved and to an individual's particular disability.

Directors

The directors who held office during the year, together with their shareholdings, were as follows:

D	Burton	
DJ	Burton	
DM	Burton	
RJ	Bloomfield	(appointed 17 April 2000)
A	Richardson	

HK Knighton resigned 10 April 2000.

A Richardson held no shares either in the company or its ultimate holding company.

All other directors were also directors of the company's ultimate holding company and their share interests therein are shown in that company's directors' report.

Donations

The company made charitable donations of **£1,000** (1998 - £1,000) during the year.

DON-BUR (BODIES & TRAILERS) LIMITED

DIRECTORS' REPORT (CONTINUED)

Year 2000

The directors have analysed the impact of the year 2000 issue on the company and have, where appropriate, developed plans to mitigate the effects identified by the analysis.

No matters have arisen to date which affect the adoption of the going concern basis in preparing the financial statements.

Auditors

A resolution to reappoint Bentley Jennison as auditors of the company will be proposed at the annual general meeting.

By order of the board

D Burton
Director

A handwritten signature in dark ink, appearing to read 'D Burton', with a long horizontal line extending from the end of the signature.

Registered office
Mossfield Road
Longton
Stoke on Trent
ST3 5BW

17 July 2000

DON-BUR (BODIES & TRAILERS) LIMITED

REPORT OF THE AUDITORS

To the members of Don-Bur (Bodies & Trailers) Limited

We have audited the financial statements on pages 5 to 17.

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 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 accuracy 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 affairs of the company at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

5 Ridge House
Ridge House Drive
Festival Park
Stoke on Trent
ST1 5SJ

Bentley Jennison

Bentley Jennison
Chartered Accountants
Registered Auditors

17 July 2000

DON-BUR (BODIES & TRAILERS) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1999

		1999	1998
	Note	£000's	£000's
TURNOVER			
- CONTINUING OPERATIONS	1	31,151	30,800
Cost of sales		<u>(29,576)</u>	<u>(29,156)</u>
GROSS PROFIT		1,575	1,644
Selling and distribution costs		(665)	(588)
Administrative expenses		(521)	(550)
Exceptional items	4	<u>-</u>	<u>121</u>
OPERATING PROFIT			
- CONTINUING OPERATIONS	2-3	389	627
Interest payable	5	<u>(200)</u>	<u>(227)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		189	400
Taxation on profit on ordinary activities	6	<u>(58)</u>	<u>(17)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		131	383
Dividends proposed	7	<u>(25)</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	15	<u>106</u>	<u>383</u>

There were no recognised gains or losses other than stated above.

The attached notes form an integral part of the financial statements.

DON-BUR (BODIES & TRAILERS) LIMITED

BALANCE SHEET at 30 September 1999

		1999	1998
	Note	£000's	£000's
FIXED ASSETS			
Tangible assets	8	3,034	2,583
CURRENT ASSETS			
Stocks	9	4,436	4,228
Debtors	10	3,334	3,137
Cash at bank and in hand		49	2
		<hr/>	<hr/>
		7,819	7,367
CREDITORS: amounts falling due within one year	11	(8,057)	(7,270)
NET CURRENT (LIABILITIES) ASSETS		<hr/>	<hr/>
		2,796	2,680
CREDITORS: amounts falling due after more than one year	12	(1,092)	(1,131)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<hr/>	<hr/>
		(116)	(67)
NET ASSETS		<hr/>	<hr/>
		1,588	1,482
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	63	63
Revaluation reserve	15	420	429
Profit and loss account	15	1,105	990
		<hr/>	<hr/>
	15	1,588	1,482
		<hr/>	<hr/>

These financial statements were approved by the board of directors on **17 July 2000** and were signed on its behalf by:

D Burton..... Director

The attached notes form an integral part of the financial statements.

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting basis

The financial statements have been prepared under historical accounting rules, as modified by the revaluation of land and buildings, and applicable accounting standards in the United Kingdom.

Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to third party customers during the year.

As the company's turnover with UK customers accounts for 99% of the total by destination and 100% by source, further segmental information has been deemed immaterial.

Fixed assets and depreciation

Depreciation has been provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold property	- fifty years
Plant and machinery	- two to eight years
Fixtures, fittings and equipment	- four to ten years

Leases

Assets acquired under finance lease and hire purchase contracts are recorded in the balance sheet as tangible fixed assets and are depreciated as set out in the above policy. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease rentals have been charged to the profit and loss account on a straight line basis over the period of the lease.

Stock and work in progress

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

Cost represents the amounts incurred in bringing each product to its present location and condition and includes an appropriate level of overheads.

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the rate prevailing on the date of transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates. All revaluation and realised exchange gains and losses are taken to the profit and loss account.

Pension costs

The company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The company also contributes to personal pension schemes of senior employees.

The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Deferred taxation

Provision has been made under the liability method for deferred taxation to the extent that it is probable a liability will crystallise in the foreseeable future.

2 OPERATING PROFIT	1999	1998
Operating profit is stated after charging (crediting):	£000's	£000's
Depreciation:		
owned assets	155	131
leased assets	22	17
Profit on disposal of tangible fixed assets	(21)	(1)
Operating lease rentals:		
land and buildings	26	26
plant and machinery	174	148
Directors' emoluments	327	267
Auditor's remuneration	12	11
Exchange gain	-	(13)
Exceptional items (see note 4)	-	(121)
	<u> </u>	<u> </u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

3 STAFF COSTS AND DIRECTORS' EMOLUMENTS

	1999	1998
(a) Staff costs	£000's	£000's
Wages and salaries	5,604	5179
Social security costs	506	484
Other pension costs	37	30
	<u>6,147</u>	<u>5,693</u>

The average number of persons employed by the company during the year, analysed by category, was as follows:

	1999	1998
	No	No
Production	325	307
Managerial and administration	43	43
	<u>368</u>	<u>350</u>

(b) Directors' emoluments	1999	1998
	£000's	£000's
Emoluments (including pension contributions)	327	267

There are 5 directors (1998 – 5) for whom retirement benefits are accruing in money purchase schemes.

Included in the above are pension contributions of **£12,000** (1998 – £12,000).

Emoluments of the highest paid director were:

Salary and benefits in kind	91	68
Contributions to personal pension schemes	4	9
	<u>95</u>	<u>77</u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

4	EXCEPTIONAL ITEMS	1999	1998
		£000's	£000's
	Fire damage claim	-	(229)
	Settlement of customer claim	-	108
		<u>-</u>	<u>108</u>
		-	(121)
		<u>-</u>	<u>-</u>
5	INTEREST PAYABLE	1999	1998
		£000's	£000's
	Payable on:		
	Bank loans and overdrafts	177	195
	Other loans	19	27
	Finance leases and hire purchase contracts	4	5
		<u>200</u>	<u>227</u>
		<u>200</u>	<u>227</u>
6	TAXATION	1999	1998
		£000's	£000's
	Corporation tax at 30.5%	4	-
	Deferred tax at 30%	54	17
		<u>58</u>	<u>17</u>
		<u>58</u>	<u>17</u>
7	DIVIDENDS PROPOSED	1999	1998
		£000's	£000's
	Proposed dividend	25	-
		<u>25</u>	<u>-</u>
		<u>25</u>	<u>-</u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

8 TANGIBLE FIXED ASSETS	Long leasehold land & buildings	Plant & machinery	Fixtures, fittings & equipment	Total
	£000's	£000's	£000's	£000's
Cost or valuation				
At 30 September 1998	2,303	363	321	2,987
Additions	168	363	112	643
Disposals	-	(53)	(6)	(59)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 1999	<u>2,471</u>	<u>673</u>	<u>427</u>	<u>3,571</u>
Depreciation				
At 30 September 1998	89	129	186	404
Charge for year	47	78	52	177
On disposals	-	(39)	(5)	(44)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 1999	<u>136</u>	<u>168</u>	<u>233</u>	<u>537</u>
Net book value				
At 30 September 1999	<u>2,335</u>	<u>505</u>	<u>194</u>	<u>3,034</u>
At 30 September 1998	<u>2,214</u>	<u>234</u>	<u>135</u>	<u>2,583</u>

The company's long leasehold property was last revalued on 16 August 1996 and includes **£2,075,000** (1998 - £2,075,000) at valuation and **£396,000** (1998 - £228,000) at cost.

The historical cost and written down values of the company's long leasehold property are **£2,024,000** (1998 - £1,856,000) and **£1,915,000** (1998 - £1,783,000), respectively.

Included in the total net book value of plant and machinery is **£125,000** (1998 - £66,000) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was **£23,000** (1998 - £17,000).

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

9 STOCKS AND WORK IN PROGRESS	1999	1998
	£000's	£000's
Raw materials and consumables	1,240	1,192
Work in progress	3,134	3,000
Finished goods and goods for resale	62	36
	<u>4,436</u>	<u>4,228</u>
	<u><u>4,436</u></u>	<u><u>4,228</u></u>
 10 DEBTORS	 1999	 1998
	£000's	£000's
Trade debtors	2,996	2,844
Other debtors	208	164
Prepayments and accrued income	120	116
Corporation tax recoverable	10	13
	<u>3,334</u>	<u>3,137</u>
	<u><u>3,334</u></u>	<u><u>3,137</u></u>
 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 1999	 1998
	£000's	£000's
Bank loans and overdrafts (secured - see note 12)	1,525	2,016
Obligations under hire purchase agreements	53	28
Trade creditors	4,857	4,147
Amounts owed to group undertakings	872	206
Corporation tax	1	-
Other taxation and social security costs	529	560
Proposed dividend	25	-
Other creditors	37	158
Accruals and deferred income	158	155
	<u>8,057</u>	<u>7,270</u>
	<u><u>8,057</u></u>	<u><u>7,270</u></u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1999	1998
	£000's	£000's
Bank loans and overdrafts repayable:		
between one and two years	189	189
between two and five years	519	566
after more than five years by instalments	292	355
	<hr/>	<hr/>
	1,000	1,110
Obligations under hire purchase contracts repayable:		
between one and two years	92	21
	<hr/>	<hr/>
	1,092	1,131
	<hr/> <hr/>	<hr/> <hr/>
The above bank loans and overdrafts are as follows:		
National Westminster Bank PLC	857	920
3i plc	143	190
	<hr/>	<hr/>
	1,000	1,110
	<hr/> <hr/>	<hr/> <hr/>

The bank loans and overdrafts are secured by fixed and floating charges over group assets.

Included in bank loans and overdrafts repayable within one year is an amount of **£1,336,000** (1998 - £1,304,000) due to a commercial finance company which is secured by fixed charges on debtors and stock and a third charge on property.

The National Westminster Bank PLC ("NatWest") loan is secured by a fixed and floating charge over all company assets, subject to the above, and is repayable over 10 years in monthly instalments. Interest is calculated at a variable rate of 1.625% above the bank base rate.

The 3i plc loan is secured by a secondary charge over company property and is repayable in half yearly instalments of £24,000. Interest is calculated at a variable rate of 2¼% above the higher of 7% and the relevant LIBOR rate.

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

13 PROVISIONS FOR LIABILITIES AND CHARGES

	1999		1998	
Deferred taxation	Full potential	Amount provided	Full potential	Amount provided
	£000's	£000's	£000's	£000's
Accelerated capital allowances	246	71	225	28
Tax losses	-	-	(11)	(11)
	<u>246</u>	<u>71</u>	<u>214</u>	<u>17</u>

	1999	1998
Warranty costs	£000's	£000's
Provision	<u>45</u>	<u>50</u>

14 CALLED UP SHARE CAPITAL

	1999	1998
Authorised	£000's	£000's
Redeemable preference shares	50	50
Ordinary shares of £1 each	50	50
Preferred ordinary shares of £1 each	<u>13</u>	<u>13</u>
	<u>113</u>	<u>113</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	50	50
Preferred ordinary shares of £1 each	<u>13</u>	<u>13</u>
	<u>63</u>	<u>63</u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

14 CALLED UP SHARE CAPITAL (continued)

The preferred ordinary shares have the same rights as the ordinary shares except that they are entitled to a participating dividend, being the higher of 11% net and 5% of the profit on ordinary activities before taxation, as adjusted for directors' emoluments less £50,000.

This dividend entitlement has been waived by the ultimate parent company.

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital	Revaluation Reserve	Profit and loss account
	£000's	£000's	£000's
Opening shareholders' funds	63	429	990
Profit for the financial year	-	-	131
Dividends	-	-	(25)
Depreciation on revaluation reserve	-	(9)	9
	<u> </u>	<u> </u>	<u> </u>
Closing shareholders' funds	<u>63</u>	<u>420</u>	<u>1,105</u>

	1999	1998
	£000's	£000's
Opening shareholders' funds	1,482	1,099
Profit for the financial year	131	383
Dividends	(25)	-
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>1,588</u>	<u>1,482</u>

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

16 CONTINGENT LIABILITIES

Guarantees

The company has cross guarantees with group companies with regard to bank loans, overdrafts and obligations under hire purchase agreements which, at 30 September 1999, amounted to **£2,316,000** (1998 - £967,000).

17 OTHER FINANCIAL COMMITMENTS	1999		1998	
Operating leases	Land & buildings	Plant & machinery	Land & buildings	Plant & machinery
Expiring:	£000's	£000's	£000's	£000's
In one year or less	-	21	-	92
Between two and five years	-	126	-	44
Over five years	26	-	26	-
	<u>26</u>	<u>147</u>	<u>26</u>	<u>136</u>
	<u>26</u>	<u>147</u>	<u>26</u>	<u>136</u>

Leases on land and buildings are subject to periodical rent reviews.

There were no capital commitments at 30 September 1999 (1998 – nil) either contracted but not provided or authorised but not contracted.

DON-BUR (BODIES & TRAILERS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

18 RELATED PARTY TRANSACTIONS	1999	1998
Amounts owed to related parties, other than wholly owned group undertakings, were as follows:	£000's	£000's
D Burton current account	20	64
Don-Bur (Bodies & Trailers) Limited Retirement and Death Benefits Scheme	-	32
	<u> </u>	<u> </u>
	Profit and loss account	Balance owing
Transactions with pension scheme:	£000's	£000's
Interest payable	-	28
	<u> </u>	<u> </u>

D Burton holds a 75% interest in the company's ultimate holding company.

D Burton is a beneficiary in the Don-Bur (Bodies & Trailers) Limited Retirement and Death Benefits Scheme.

19 ULTIMATE HOLDING COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The company is a wholly owned subsidiary undertaking of Don-Bur (Holdings) Limited, which is the ultimate holding company and is incorporated in England and Wales.

The company has taken advantage of the exemption to disclose related party transactions with group undertakings.

Copies of the consolidated financial statements of the ultimate holding company can be obtained from the registered office.