

**CICELEY COMMERCIALS LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 2001**

**PKF**



# **CICELEY COMMERCIALS LIMITED**

## **COMPANY INFORMATION**

<b>Director</b>	B Morgan
<b>Secretary</b>	R Watson
<b>Company Number</b>	2762560
<b>Registered Office</b>	Ciceley Lane Blackburn Lancashire BB1 1HQ
<b>Auditors</b>	PKF 52 Mount Pleasant Liverpool L3 5UN
<b>Solicitors</b>	Roebucks Solicitors 12 Richmond Terrace Blackburn Lancashire BB1 7BG
<b>Bankers</b>	HSBC Bank Plc Blackburn Branch 60 Church Street Blackburn Lancashire BB1 5AS

# CICELEY COMMERCIALS LIMITED

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*The following pages do not form part of the statutory accounts:*

DETAILED PROFIT AND LOSS ACCOUNT	Appendices 1-2
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**CICELEY COMMERCIALS LIMITED**  
**DIRECTOR'S REPORT**  
**YEAR ENDED 31 DECEMBER 2001**

The director submits his report and the financial statements for the year ended 31 December 2001.

**Results and dividends**

The profit for the year, after taxation, amounted to **£122,477** (2000 - £169,967).

The director does not recommend the payment of a dividend and recommends the balance of retained profits be added to reserves.

**Principal activity and review of business**

The principal activity of the company during the year remained that of a main dealer in Mercedes Benz commercial vehicles.

The director considers the results for the year to be satisfactory.

**Director**

B Morgan, the director who served during the year, held no beneficial interest in the share capital of the company.

His share interests in the share capital of the parent company are disclosed in that company's financial statements.

**Auditors**

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board

  
**R Watson**  
Secretary

**CICELEY COMMERCIALS LIMITED**  
**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CICELEY COMMERCIALS LIMITED**

We have audited the financial statements of Ciceley Commercials Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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 misstatements 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 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 consider 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 2001 and of its profit for the year then ended and have been prepared in accordance with the Companies Act 1985.

Liverpool, UK  
11 June 2002

  
**PKF**  
Registered Auditors

**CICELEY COMMERCIALS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
<b>TURNOVER</b>	<b>2</b>	<b>44,941,934</b>	<b>37,408,126</b>
Cost of sales		<u>(39,818,615)</u>	<u>(32,888,550)</u>
<b>GROSS PROFIT</b>		<b>5,123,319</b>	<b>4,519,576</b>
Distribution costs		<u>(3,396,564)</u>	<u>(2,997,564)</u>
Administrative expenses		<u>(1,421,266)</u>	<u>(1,181,669)</u>
Other operating income		<u>11,457</u>	<u>6,380</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>316,946</b>	<b>346,723</b>
Interest receivable and similar income	<b>5</b>	<b>202</b>	<b>-</b>
Interest payable and similar charges	<b>6</b>	<u>(128,621)</u>	<u>(92,882)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>188,527</b>	<b>253,841</b>
<b>TAXATION</b>	<b>7</b>	<u><b>(66,050)</b></u>	<u><b>(83,874)</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>122,477</b></u>	<u><b>169,967</b></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

# CICELEY COMMERCIALS LIMITED

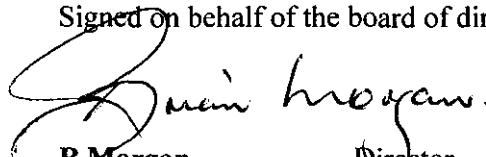
## BALANCE SHEET

31 DECEMBER 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Intangible	8	191,250	202,500
Tangible	9	795,981	852,939
		<u>987,231</u>	<u>1,055,439</u>
<b>CURRENT ASSETS</b>			
Stocks	10	5,918,677	5,156,458
Debtors	11	4,897,877	2,933,320
Cash at bank and in hand		3,120	1,035,378
		<u>10,819,674</u>	<u>9,125,156</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(10,110,343)</u>	<u>(7,894,354)</u>
<b>NET CURRENT ASSETS</b>		<u>709,331</u>	<u>1,230,802</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,696,562</u>	<u>2,286,241</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(35,854)	(749,646)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(68,532)	(66,896)
<b>NET ASSETS</b>		<u>1,592,176</u>	<u>1,469,699</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	250,000	250,000
Profit and loss account	17	1,342,176	1,219,699
<b>SHAREHOLDERS' FUNDS</b>	18	<u>1,592,176</u>	<u>1,469,699</u>

The financial statements were approved by the board on 11 June 2002

Signed on behalf of the board of directors

  
**B Morgan** Director



**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**(b) Turnover**

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

**(c) Intangible fixed assets**

The cost of goodwill is being amortised over its expected useful life of twenty years.

**(d) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	15 % reducing balance
Motor vehicles	10/20 % on cost

**(e) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

Rentals from operating leases are credited to revenue on a straight line basis over the period of each lease agreement.

**(f) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Stocks comprise vehicles, parts, accessories, petrol and consumable goods.

In accordance with the provisions of FRS 5, vehicles held on a consignment basis are included in the accounts as stock. The corresponding liability for those vehicles is included within trade creditors net of deposits paid.

Interest is charged by the manufacturer on the value of the consignment vehicles, net of deposits paid, during the period to the date of adoption by the company.

**(g) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**1 ACCOUNTING POLICIES (Continued)**

**(h) Pensions**

The group operates a fully insured money purchase pension scheme for the staff. Pension costs represent contributions payable by the company to the scheme based on sums assessed by the actuary. The funds of the scheme are invested in separate insurance contracts for each member.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	2001	2000
	£	£
Amortisation of intangible assets	11,250	11,250
Depreciation of tangible fixed assets:		
- owned by the company	101,911	84,640
- held under finance lease or hire purchase contracts	81,451	62,890
Audit fees	7,470	7,560
Operating lease rentals:		
- plant & machinery	161,476	150,956
- land and buildings	-	13,470
Operating lease rental income	(4,410)	(23,996)
Exceptional item:		
Legal damages (see note 15)	-	450,000
	<u>          </u>	<u>          </u>

The director did not receive any emoluments (2000 - £NIL).

**4 STAFF COSTS**

Staff costs, including director's emoluments, were as follows:

	2001	2000
	£	£
Wages and salaries	2,591,720	2,293,230
Social security costs	279,995	273,393
Other pension costs	43,237	36,149
	<u>2,914,952</u>	<u>2,602,772</u>

The average monthly number of employees, including the director, during the year was:

	No	No
Administration	15	15
Selling	69	61
Production	68	61
	<u>152</u>	<u>137</u>

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2001	2000
	£	£
Other interest receivable	202	-
	<u>202</u>	<u>-</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2001	2000
	£	£
Bank loans and overdrafts	18,857	9,350
Other loans	84,184	57,798
Finance charges under finance lease and hire purchase contracts	25,580	25,734
	<u>128,621</u>	<u>92,882</u>

**7 TAXATION**

	2001	2000
	£	£
<b>UK corporation tax</b>		
Current tax on income for the year	65,000	58,000
Adjustments in respect of prior periods	(586)	(1,022)
Total UK taxation	<u>64,414</u>	<u>56,978</u>
<b>Deferred tax</b>		
Current tax on income for the year	1,636	26,896
	<u>66,050</u>	<u>83,874</u>

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**8 INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Cost</b>	
At 1 January 2001 and 31 December 2001	225,000
<b>Amortisation</b>	
At 1 January 2001	22,500
Charge for the year	11,250
At 31 December 2001	33,750
<b>Net book amount</b>	
At 31 December 2001	191,250
At 31 December 2000	202,500

**9 TANGIBLE FIXED ASSETS**

	Plant & machinery £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 January 2001	612,623	757,890	1,370,513
Additions	73,966	291,444	365,410
Disposals	-	(307,785)	(307,785)
At 31 December 2001	686,589	741,549	1,428,138
<b>Depreciation</b>			
At 1 January 2001	338,477	179,097	517,574
Charge for year	50,777	132,585	183,362
On disposals	-	(68,779)	(68,779)
At 31 December 2001	389,254	242,903	632,157
<b>Net book amount</b>			
At 31 December 2001	297,335	498,646	795,981
At 31 December 2000	274,146	578,793	852,939

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**9 TANGIBLE FIXED ASSETS (continued)**

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	2001 £	2000 £
Motor vehicles	<u>354,712</u>	<u>321,518</u>

**10 STOCKS**

	2001 £	2000 £
Spare parts and accessories	520,180	587,971
Work in progress	70,334	59,729
New and used vehicles	<u>5,328,163</u>	<u>4,508,758</u>
	<u>5,918,677</u>	<u>5,156,458</u>

New and used vehicles include an amount of £4,164,734 (2000 - £2,917,364) relating to new vehicles which are held on a consignment basis.

**11 DEBTORS**

	2001 £	2000 £
<b>Due within one year</b>		
Trade debtors	2,717,768	2,346,535
Amounts due from group undertakings	550,227	108,167
Prepayments & accrued income	<u>149,970</u>	<u>137,064</u>
	<u>3,417,965</u>	<u>2,591,766</u>
<b>Due after one year</b>		
Amounts due from group undertakings	<u>1,479,912</u>	<u>341,554</u>
	<u>4,897,877</u>	<u>2,933,320</u>

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**12 CREDITORS**

	2001 £	2000 £
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	2,640,423	-
Trade creditors	5,636,239	5,970,575
Amounts owed to group undertakings	629,963	2,079
Corporation tax	65,000	58,000
Other tax and social security	421,765	485,394
Net obligations under finance lease and hire purchase contracts(note 14)	277,795	337,677
Other creditors	49,070	-
Accruals and deferred income	390,088	1,040,629
	<u>10,110,343</u>	<u>7,894,354</u>

**13 CREDITORS**

	2001 £	2000 £
<b>Amounts falling due after more than one year</b>		
Amounts owed to group undertakings	-	717,096
Net obligations under finance lease and hire purchase contracts(note 14)	35,854	32,550
	<u>35,854</u>	<u>749,646</u>

**14 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2001 £	2000 £
Within one year	277,795	337,677
Between one and five years	35,854	32,550
	<u>313,649</u>	<u>370,227</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
At 1 January 2001	66,896
Charged to profit and loss	1,636
<b>At 31 December 2001</b>	<u><b>68,532</b></u>

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**15 PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

Deferred tax is analysed as follows:

	<b>Provided</b>		<b>Not provided</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital allowances	<b>68,532</b>	<b>66,896</b>	<b>-</b>	<b>-</b>

Included in accruals and deferred income is an amount of £54,773 relating to the balance of a provision (2000 - £450,000).

**16 SHARE CAPITAL**

	<b>Authorised</b>	<b>Allotted, called up and fully paid</b>	
	<b>£</b>	<b>No</b>	<b>£</b>
At 1 January 2001 and 31 December 2001 Ordinary shares of £1 each	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

**17 RESERVES**

<b>Profit and loss account</b>	<b>£</b>
At 1 January 2001	<b>1,219,699</b>
Profit for the year	<b>122,477</b>
At 31 December 2001	<b>1,342,176</b>

**18 SHAREHOLDERS' FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Shareholders' funds at 1 January 2001	<b>1,469,699</b>	<b>1,299,732</b>
Profit for the year	<b>122,477</b>	<b>169,967</b>
Shareholders' funds at 31 December 2001	<b>1,592,176</b>	<b>1,469,699</b>

**19 OTHER COMMITMENTS**

At 31 December 2001 the company had annual commitments under operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Between one and five years	<b>16,000</b>	<b>8,900</b>	<b>81,948</b>	<b>88,948</b>

**CICELEY COMMERCIALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**20 CONTINGENT LIABILITIES**

The company has entered into a composite cross guarantee agreement with the bank securing the borrowings of the parent company, Ciceley Limited and its fellow subsidiaries, Ciceley Continental Limited, Ciceley Contracts Limited and Integrated Chassis Engineering Limited.

**21 TRANSACTIONS WITH RELATED PARTIES**

There have been various transactions throughout the year with other group companies. However, as the company will be included in the extended group consolidated accounts and these are publicly available, the company has taken advantage of the exemption allowed by FRS 8.

**22 PENSION COSTS**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 4.

**23 FINANCIAL COMMITMENTS**

In common with others in the industry within which it is engaged, the company operates a number of buyback arrangements with its customers and third parties in respect of the supply of new commercial vehicles.

The financial commitments as at 31 December 2001 were as follows:

	2001 £	2000 £
<b>Expiry date:</b>		
Within one year	56,300	-
Between one and five years	271,773	291,924
	<u>          </u>	<u>          </u>

The director considers that these commitments will be fully discharged by the sale proceeds received upon the resale of the vehicles purchased under the above buy back arrangements.

**24 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Ciceley Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.