Papworth Specialist Vehicles Limited

Financial statements

For the year ended 31 March 2010

Company No. 3048528

Index to the financial statements

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2010

Principal activity

The principal activity of the company during the year was automotive engineering with particular emphasis on vehicle body construction The directors consider the result for the year to be a reasonable reflection of the company's performance in the year

Key performance indicators

Management consider turnover, profitability and headcount to be key performance indicators for the business These are monitored on a regular basis

Future developments

The directors believe that the continued focus on high margin activity will support further profitability in the financial year ended 31 March 2011 The directors anticipate continued improvement in financial performance

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend (2009 £nil)

Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, liquidity and cash flow risk They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered

Directors

The directors who served the company during the period were as follows

MJ Shannon
RF Flynn (retired 4 October 2010)

No director had during or at the end of the year, any material interest in a contract which was significant in relation to the company's business

Report of the directors (continued)

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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 these 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,
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

RF Flynn
Director
15 September 2010

Grant Thornton

Report of the independent auditor to the members of Papworth Specialist Vehicles Limited

We have audited the financial statements of Papworth Specialist Vehicles Limited for the year ended 31 March 2010 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Report of the independent auditor to the members of Papworth Specialist Vehicles Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Robert Napper
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Slough
22 December 2010

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and have been prepared under the historical cost convention The directors have reviewed the accounting policies adopted by the company and consider them to be the most appropriate

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Consolidation

The company was, at the end of the year, a wholly owned subsidiary of AssetCo plc, incorporated in England and Wales and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax Turnover is recognised upon despatch or, in the case of long term contracts, in accordance with the degree of completion of the contract

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	2%
Plant & Machinery	-	20% - 50%
Fixtures & Fittings	-	20% - 50%
Motor Vehicles	-	33%
Equipment	-	5% - 50%

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Principal accounting policies (continued)

Finance lease agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives The interest element of leasing payments is calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation at each accounting period

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except that 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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, these financial statements are classified as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited directly to equity

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	**11,310,183**	16,804,362
Cost of sales		**(5,518,569)**	(14,923,300)
Gross profit		**5,791,614**	1,881,062
Other operating charges	2	**(3,663,088)**	(1,714,205)
Operating profit	3	**2,128,526**	166,857
Interest receivable		**-**	3,506
Interest payable and similar charges	5	**(202,989)**	(290,418)
Profit/(loss) on ordinary activities before taxation		**1,925,537**	(120,055)
Tax on loss on ordinary activities	6	**(531,977)**	23,250
Profit/(loss) for the financial year	17	**1,393,560**	(96,805)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the result for the year as set out above

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	**452,672**	503,443
Investments	8	**500**	500
		453,172	503,943
Current assets			
Stocks	9	**572,231**	1,104,050
Debtors	10	**6,372,742**	7,763,754
Cash at bank and in hand		**500**	3,553
		6,945,473	8,871,357
Creditors: amounts falling due within one year	11	**(2,106,167)**	(4,307,759)
Net current assets		**4,839,306**	4,563,598
Total assets less current liabilities		**5,292,478**	5,067,541
Creditors: amounts falling due after more than one year	12	**(2,127,567)**	(3,296,190)
		3,164,911	1,771,351
Capital and reserves			
Called-up equity share capital	15	**60,000**	60,000
Profit and loss account	16	**3,104,911**	1,711,351
Shareholders' funds	17	**3,164,911**	1,771,351

These financial statements were approved by the directors on 15 September 2010 and are signed on their behalf by

RF Flynn
Director

Company number 3048528

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
A geographical analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	**11,310,183**	16,804,362

2 Other operating charges

	2010	2009
	£	£
Administrative expenses	**3,663,088**	1,714,205

3 Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation of owned fixed assets	**50,771**	72,616
Operating lease costs		
Land and buildings	**595,000**	595,000
Other	**19,800**	-

Audit fees are borne by the parent company for the year ended 31 March 2010

4 Particulars of employees

The average number of staff employed by the company during the year amounted to

	2010	2009
	No	No
Number of production staff	**35**	99
Number of administration staff	**21**	11
	56	110

4 Particulars of employees (continued)

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	**1,207,961**	2,722,188
Social security costs	**122,706**	281,926
	1,330,667	3,004,114

None of the directors received emoluments from the company during the year

5 Interest payable and similar charges

	2010	2009
	£	£
Interest payable on bank borrowings and finance lease liability	**202,989**	290,418

6 Taxation on profit on ordinary activities

	2010	2009
	£	£
Current tax		
Corporation tax based on the results for the year	**520,342**	-
Deferred tax		
Net origination and reversal of timing differences	**11,635**	(23,250)
Tax on profits on ordinary activities	**531,977**	(23,250)

Factors affecting current tax charge

The current tax charge for the year is different from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	£	£
Profit / (loss) on ordinary activities before tax	**1,925,537**	(120,055)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK	**539,150**	(33,615)
Effect of		
Expenses not deductible for tax purposes	-	11,641
Capital allowances for period more than depreciation	**5,384**	4,088
Losses carried forward	**(24,192)**	17,886
Current tax charge for the year	**520,342**	-

7 Tangible fixed assets

	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2009 and 31 Mar 2010	346,207	585,842	186,995	24,514	204,831	1,348,389
Depreciation						
At 1 Apr 2009	31,274	560,382	128,523	24,514	100,253	844,946
Provided in the year	5,556	20,884	19,745	-	4,586	50,771
31 Mar 2010	36,830	581,266	148,268	24,514	104,839	895,717
Net book value						
At 31 Mar 2010	**309,377**	**4,576**	**38,727**	**-**	**99,992**	**452,672**
At 31 Mar 2009	314,933	25,460	58,472	-	104,578	503,443

Included in the net book value shown above is an amount of £nil (2009 £7,437) which relates to the assets financed under hire purchase agreements on which deprecation for the period was £7,437 (2009 £11,277)

8 Investments

	Total £
Cost	
At 1 April 2009 and 31 March 2010	**500**
Net book value	
At 31 March 2010	**500**
At 31 March 2009	500

The above investment represents a 50% holding in ADATT Limited (a company incorporated in England and Wales)

	2010 £	2009 £
Share capital and reserves	**1,000**	1,000

The carrying value of investments is reviewed annually by the directors for indicators of impairment The carrying value of the investment is, in the opinion of the directors, fairly stated at 31 March 2010

9 Stocks

	2010 £	2009 £
Raw materials	**572,231**	1,104,050

10 Debtors

	2010 £	2009 £
Trade debtors	-	702,218
Amounts owed by group undertakings	**6,066,037**	6,257,269
Other debtors	-	54,760
Deferred tax asset (note 13)	**10,613**	22,248
Prepayments and accrued income	**296,092**	727,259
	6,372,742	7,763,754

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	**1,010,996**	842,766
Amounts due under hire purchase contracts	**31,178**	38,476
Trade creditors	**277,055**	1,172,518
Amounts owed to group undertakings	-	700,000
Corporation tax	**520,342**	-
Other taxation and social security	**73,014**	334,158
Other creditors	**1,371**	222,177
Accruals and deferred income	**192,211**	997,664
	2,106,167	4,307,759

12 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Bank Loans and overdrafts	2,083,341	3,200,000
Amounts due under hire purchase contracts	44,226	96,190
	2,127,567	3,296,190

Net obligations under finance leases and hire purchase contracts

	2010	2009
Repayable within one year	38,454	46,693
Repayable between two and five years	48,068	116,733
	86,522	163,426
Finance charges and interest allocated to future accounting periods	(11,118)	(28,760)
	75,404	134,666
Included in liabilities falling due within one year	(31,178)	(38,476)
	44,226	96,190

Bank loans and overdrafts

	2010	2009
Amounts repayable		
In one year or less or on demand	1,010,996	842,766
In more than one year but not more than two years	999,996	800,000
In more than two years but not more than five years	1,083,345	2,400,000
	3,094,337	4,042,766

Loans are secured through fixed and floating charges over the assets belonging to the company and certain other group company's under common ownership

13 Deferred taxation

Deferred tax asset

	2010 £	2009 £
At beginning of year	22,248	(1,002)
(Charge) / credit for the year	(11,635)	23,250
Net deferred tax asset	10,613	22,248

The deferred tax asset comprises

	2010 £	2009 £
Accelerated capital allowances	10,613	4,362
Tax losses carried forward	-	17,886
	10,613	22,248

14 Related party transactions

The company has been under the direct control of AssetCo plc since 30 March 2007

The company has taken advantage of the exemption under paragraph 3c of FRS 8 'Related Party Disclosures' from disclosing transactions with other companies within the group headed by AssetCo plc

15 Share capital

Authorised share capital

	2010	2009
	£	£
200,000 Ordinary shares of £1 each	**200,000**	200,000

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
Ordinary shares of £1 each	**60,000**	**60,000**	60,000	60,000

16 Profit and loss account

	2010	2009
	£	£
Balance brought forward	**1,711,351**	1,808,156
Profit/(loss) for the financial year	**1,393,560**	(96,805)
Balance carried forward	**3,104,911**	1,711,351

17 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit/(loss) for the financial year	**1,393,560**	(96,805)
Opening shareholders' funds	**1,771,351**	1,868,156
Closing shareholders' funds	**3,164,911**	1,771,351

18 Ultimate parent company

The immediate parent company is AssetCo Specialist Vehicles Limited, the ultimate parent company is AssetCo plc, a company listed on the AIM and incorporated in England and Wales

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by AssetCo plc

19 Operating lease commitments

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land & buildings		Others	
	2010	2009	**2010**	2009
Operating lease which expire	**£**	£	**£**	£
Within one year	**141,364**	141,364		364
Within 2 to 5 years		-	**38,882**	5,288
In 5 years or more	**420,000**	420,000		-
	561,364	561,364	**38,882**	5,652

The company had no other commitments outstanding at the year end other than those listed above

20 Contingent liabilities

There is a contingent liability in respect of bank borrowings of group companies which have been secured by inter company cross guarantees