

Plaxton Limited (formerly Halco 1032 Limited)

**Directors' report and financial
statements**

Registered number 05101150

30 April 2005



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 April 2005.

Principal activities

The principal activity of the company is the manufacture and distribution of new and second-hand luxury coaches and buses, and related aftermarket activities.

Business review

The company was incorporated on 14 April 2004 as Halco 1032 Limited and commenced trading on 15 May 2004. On 14 May 2004 the company changed its name to Plaxton Limited.

The results for the period are set out in the profit and loss account on page 5.

The statutory accounts have been prepared for the period ended 30 April 2005, a period that consists of 50 weeks trading.

The company has enjoyed a very successful first period of trading despite the difficulties in recovering from the administration of its former parent. Directors, management, employees and suppliers have all contributed to ensure a swift recovery to normal patterns of trading.

All areas of the business performed in line with or exceeded expectations, with market demand for the Plaxton products holding up well.

On turnover of £63m, £12.1m of gross profit before exceptional items was generated, and operating profit before exceptional items of £3.9m. This gives us a sound foundation for the coming years.

We would like to acknowledge the contribution of our customers, employees and suppliers towards our achievement of a successful first period trading.

Research and development

The company has applied considerable engineering resource to develop further its extensive range of vehicles, with two new products to be launched in 2005/06. Current projects include the launch of wheelchair accessible coaches, the production of the DDA compliant Beaver, and the launch of our bus business. Details of our product developments will be released in due course.

Proposed dividend

The directors do not recommend the payment of a dividend.

Policy and practice on payment of creditors

Operating directors are responsible for agreeing services and under which business transactions with their supplies are conducted. It is company policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period were as follows:

B Davidson (appointed 14th May 2004)
A Glennie (appointed 16th September 2004)
J Globe (appointed 14th May 2004).
M Hassall (appointed 16th September 2004)
M Keaney (appointed 14th May 2004)
M Rogan (appointed 14th May 2004)
K Wood (appointed 14th May 2004)

HL Directors Limited (appointed 14th April 2004, resigned 14th May 2004)

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the company according to the register of directors' interests:

| | Class of share | Interest at end of period | Interest at date of appointment |
|------------|----------------|---------------------------------|------------------------------------|
| B Davidson | B | 9,167 | 9,167 |
| J Globe | B | 4,583 | 4,583 |
| M Hassall | A | 2,500 | 2,500 |
| M Keaney | B | 9,167 | 9,167 |
| K Wood | B | 4,583 | 4,583 |

None of the other directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Employee involvement

A joint consultative group consisting of management and employee representatives operates as a forum for consultation with employees with meetings held on a regular basis.

The Company continued implementation of its training programme covering key areas of employee involvement such as communications, customer focus, continuous improvement, teamworking and empowerment.

It is Company policy that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates.

Political and charitable contributions

The company made no political contributions during the period. Donations to UK charities amounted to £2,197.

Auditors

During the period KPMG LLP were appointed as auditors to the company. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


B Davidson
Director

Plaxton Park, Cayton Low Road, Eastfield, Scarborough
North Yorkshire, YO11 3BY

11 July 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. 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 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.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

**Report of the independent auditors to the members of Plaxton Limited
(formerly Hallco 1032 Limited)**

We have audited the financial statements on pages 5 to 20.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

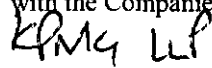
Basis of audit opinion

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 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 30 April 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor

11 July 2005

Profit and loss account
for the period ended 30 April 2005

| | | 2005 | | |
|---|-------|--|--|---------------|
| | | Continuing operations | | |
| | Notes | Before exceptional items £000 | Exceptional items (see note 2) £000 | Total £000 |
| Turnover | 1 | 63,390 | - | 63,390 |
| Cost of sales | | (51,268) | 884 | (50,384) |
| Gross profit | | 12,122 | 884 | 13,006 |
| Distribution costs | | (2,045) | - | (2,045) |
| Administrative expenses | | (6,137) | (1,710) | (7,847) |
| Operating profit/(loss) before depreciation and amortisation | | 4,634 | (826) | 3,808 |
| Depreciation | | (142) | - | (142) |
| Amortisation | | (552) | - | (552) |
| Profit/(loss) on ordinary activities before interest | 2 - 4 | 3,940 | (826) | 3,114 |
| Other interest receivable and similar income | 6 | 8 | - | 8 |
| Interest payable and similar charges | 7 | (1,056) | - | (1,056) |
| Profit/(loss) on ordinary activities before taxation | | 2,892 | (826) | 2,066 |
| Tax on profit on ordinary activities | 8 | | | (634) |
| Profit for the financial period | | | | 1,432 |

There are no recognised gains and losses in the period other than the profit for the period.

Balance sheet
at 30 April 2005

| | <i>Note</i> | 2005 £000 | £000 |
|--|-------------|----------------------------|-------------|
| Fixed assets | | | |
| Intangible assets | 9 | | 3,650 |
| Tangible assets | 10 | | 750 |
| | | | <hr/> |
| | | | 4,400 |
| Current assets | | | |
| Stocks | 11 | 12,509 | |
| Debtors | 12 | 2,636 | |
| Cash at bank and in hand | | 4,173 | |
| | | <hr/> | |
| | | 19,318 | |
| Creditors: amounts falling due within one year | 13 | (13,764) | |
| | | <hr/> | |
| Net current assets | | | 5,554 |
| | | | <hr/> |
| Total assets less current liabilities | | | 9,954 |
| Creditors: amounts falling due after more than one year | 14 | | (8,042) |
| | | | <hr/> |
| | | | 1,912 |
| | | | <hr/> |
| Called up share capital | 15 | | 10 |
| Share premium account | 16 | | 470 |
| Profit and loss account | 16 | | 1,432 |
| | | | <hr/> |
| Shareholders' funds | | | |
| Equity | | | 1,912 |
| | | | <hr/> |

These financial statements were approved by the board of directors on 11 July 2005 and were signed on its behalf by:



B Davidson
 Director

Cash flow statement
for the period ended 30 April 2005

| | <i>Note</i> | 2005 £'000 |
|--|-------------|-----------------------|
| Reconciliation of operating profit to net cash flow from operating activities | | |
| Operating profit | | 3,114 |
| Depreciation and amortisation charges | | 694 |
| Increase in stocks | | (6,545) |
| Increase in debtors | | (2,166) |
| Increase in creditors | | 11,884 |
| | | <hr/> |
| Net cash inflow from operating activities | | 6,981 |
| | | <hr/> |
| Cash flow statement | | |
| Cash flow from operating activities | | 6,981 |
| Returns on investments and servicing of finance | <i>17</i> | (917) |
| Capital expenditure and financial investment | <i>17</i> | (592) |
| Acquisition | <i>17</i> | (10,786) |
| | | <hr/> |
| Cash outflow before management of liquid resources and financing | | (5,314) |
| Financing | <i>17</i> | 9,487 |
| | | <hr/> |
| Increase in cash in the period | <i>18</i> | 4,173 |
| | | <hr/> |
| Reconciliation of net cash flow to movement in net debt | | |
| Increase in cash in the period | <i>18</i> | 4,173 |
| Cash inflow from increase in debt | <i>18</i> | (8,779) |
| | | <hr/> |
| Net debt at the end of the period | <i>18</i> | (4,606) |
| | | <hr/> |

Reconciliation of movements in shareholders' funds
for the period ended 30 April 2005

| | 2005 £'000 |
|---|---------------|
| Profit for the financial period | 1,432 |
| New share capital subscribed (net of issue costs) | 480 |
| | <hr/> |
| Closing shareholders' funds | 1,912 |
| | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements as noted below.

Basis of preparation

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

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Turnover

For vehicle turnover, a sale is recognised upon invoicing and when the vehicle is available in accordance with agreed customer requirements.

After-market sales are recognised upon delivery of the relevant service.

Fixed assets and depreciation

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

| | |
|---|-------------------------|
| Leasehold land | |
| and buildings | - life of lease |
| Plant and machinery | - between 3 and 8 years |
| Fixtures, fittings, tools and equipment | - between 4 and 8 years |

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Research and development

It is the company's policy to capitalise development costs that comply with the requirements set out in SSAP 13 Accounting for Research and Development.

Leases and hire purchase contracts

Where the company enters into a lease, which entails taking substantially all the risk and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within 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.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

2 Exceptional items

The following items were considered to be exceptional income / (costs) in the financial period, and arose in relation to the purchase of the business out of Administration:

| | 2005 £000 |
|---|--------------|
| Exceptional profit on sale of work in progress and finished goods | 1,502 |
| New Company start-up costs | (146) |
| Employee related provisions | (473) |
| Cost of acquiring contracts | (1,289) |
| Amortisation of cost of raising finance | (420) |
| | <hr/> |
| | (826) |
| | <hr/> |

3 Profit on ordinary activities before taxation

| | 2005 £000 |
|--|--------------|
| <i>Profit on ordinary activities before taxation is stated</i> | |
| <i>after charging</i> | |
| Auditors' remuneration: | |
| Audit | 24 |
| Other services - fees paid to the auditor and its associates | 6 |
| Depreciation and other amounts written off tangible and intangible fixed assets: | |
| Owned | 151 |
| Amortisation of goodwill and deal fees | 543 |
| Hire of plant and machinery - rentals payable under operating leases | 15 |
| Hire of other assets - operating leases | 576 |
| Research and development expenditure | 251 |
| | <hr/> |

4 Remuneration of directors

| | 2005 £000 |
|---|--------------|
| Directors' emoluments | 384 |
| Company contributions to money purchase pension schemes | 22 |
| Amounts paid to third parties in respect of directors' services | 19 |
| | <hr/> |
| | 425 |
| | <hr/> |

The aggregate of emoluments of the highest paid director was £98,000 and company pension contributions of £6,000 were made to a money purchase scheme on his behalf.

Number of directors 2005

Retirement benefits are accruing to the following number of directors under:

| | |
|------------------------|-------|
| Money purchase schemes | 4 |
| | <hr/> |

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

| | Number of employees 2005 |
|----------------------------|-----------------------------|
| Manufacturing | 251 |
| Selling and Administration | 101 |
| Aftermarket | 74 |
| | <hr/> 426 <hr/> |

The aggregate payroll costs of these persons were as follows:

| | 2005 £000 |
|-----------------------|--------------------|
| Wages and salaries | 9,248 |
| Social security costs | 903 |
| Other pension costs | 116 |
| | <hr/> 10,267 <hr/> |

6 Other interest receivable and similar income

| | 2005 £000 |
|---|--------------|
| Interest receivable on short-term bank deposits | 8 |
| | <hr/> |

7 Interest payable and similar charges

| | 2005 £000 |
|------------------------------|-------------------|
| On bank loans and overdrafts | 369 |
| On loan notes | 642 |
| Other | 45 |
| | <hr/> 1,056 <hr/> |

Notes (continued)

8 Taxation

Analysis of charge in period

| | 2005 £000 |
|--------------------------------------|-----------------|
| <i>UK corporation tax</i> | |
| Current tax on income for the period | 634 |
| Deferred tax | - |
| | <hr/> 634 <hr/> |

The current tax charge for the period has been reduced by the effect of accelerated capital allowances of £16,398 and increased by other timing differences of £16,121.

The liability for deferred tax was not material and hence no provision has been made.

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

| | 2005 £000 |
|--|-----------------|
| <i>Current tax reconciliation</i> | |
| Profit on ordinary activities before tax | 2,066 |
| | <hr/> |
| Current tax at 30% | 620 |
| <i>Effects of:</i> | |
| Expenses not deductible for tax purposes | 14 |
| | <hr/> 634 <hr/> |

Notes (continued)

9 Intangible fixed assets

| | Development costs | Goodwill and deal fees | Total |
|-----------------------|-------------------|------------------------|-------|
| | £000 | £000 | £000 |
| <i>Cost</i> | | | |
| Acquisition | - | 3,926 | 3,926 |
| Additions | 276 | - | 276 |
| | <hr/> | <hr/> | <hr/> |
| At end of period | 276 | 3,926 | 4,202 |
| | <hr/> | <hr/> | <hr/> |
| <i>Amortisation</i> | | | |
| Charged in period | 9 | 543 | 552 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 30 April 2005 | 267 | 3,383 | 3,650 |
| | <hr/> | <hr/> | <hr/> |

Goodwill is being amortised over 7 years, as the directors believe that to be the period over which the benefits of the current designs, existing product range and contracts will be realised.

10 Tangible fixed assets

| | Leasehold Land and buildings £000 | Plant and machinery £000 | Fixtures, fittings, tools and equipment £000 | Total £000 |
|-----------------------|--------------------------------------|-----------------------------|---|---------------|
| <i>Cost</i> | | | | |
| Acquisition | - | 576 | - | 576 |
| Additions | 13 | 76 | 227 | 316 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | 13 | 652 | 227 | 892 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | | |
| Charge for period | - | 115 | 27 | 142 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | - | 115 | 27 | 142 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | | |
| At 30 April 2005 | 13 | 537 | 200 | 750 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The net book value of land and buildings comprises:

| | 2005 £000 |
|-----------------|--------------|
| Short leasehold | 13 |
| | <hr/> |

Notes (continued)

11 Stocks

| | 2005 £000 |
|-------------------------------------|--------------------|
| Raw materials and consumables | 2,315 |
| Work in progress | 5,624 |
| Finished goods and goods for resale | 4,570 |
| | <hr/> 12,509 <hr/> |

12 Debtors

| | 2005 £000 |
|--------------------------------|-------------------|
| Trade debtors | 2,311 |
| Other debtors | 72 |
| Prepayments and accrued income | 253 |
| | <hr/> 2,636 <hr/> |

13 Creditors: amounts falling due within one year

| | 2005 £000 |
|------------------------------|--------------------|
| Stocking loan | 737 |
| Payments received on account | 135 |
| Trade creditors | 8,255 |
| Taxation and social security | 1,571 |
| Corporation tax | 634 |
| Other creditors | 122 |
| Accruals and deferred income | 2,310 |
| | <hr/> 13,764 <hr/> |

Notes (continued)

14 Creditors: amounts falling due after more than one year

| | 2005 £000 |
|--------------------------------------|----------------------|
| Loan notes | 6,656 |
| Bank loans | 1,386 |
| | <hr/> 8,042 <hr/> |
| Analysis of debt: | 2005 £000 |
| Debt can be analysed as falling due: | |
| Between two and five years | 2,257 |
| In five years or more | 5,785 |
| | <hr/> 8,042 <hr/> |

The bank loan is repayable in full on 14 May 2011, and is secured by a debenture dated 15 May 2004 over all monies due or to become due to the Company. The rate of interest payable is 2.75% above Libor.

The loan notes are repayable in three equal annual instalments commencing 30 April 2009, and are secured by way of a fixed and floating charge over the Company assets. The rate of interest payable is 10% per annum.

Both of these debentures are linked by way of an inter-creditor agreement.

| | 2005 £000 |
|---------------------------|-------------------|
| Loan notes | 6,770 |
| Unamortised finance costs | (114) |
| | <hr/> 6,656 |
| Bank loans | 1,500 |
| Unamortised finance costs | (114) |
| | <hr/> 1,386 <hr/> |
| | <hr/> 8,042 <hr/> |

Notes (continued)

15 Called up share capital

| | 2005 £ |
|--|--------------------|
| <i>Authorised, allotted, called up and fully paid:</i> | |
| <i>Equity</i> | |
| 72,500 A Ordinary shares of 10p each | 7,250 |
| 27,500 B Ordinary shares of 10p each | 2,750 |
| | <hr/> 10,000 <hr/> |

On 15 May 2004, the authorised share capital of the company was increased from £1,000 to £10,000 by the creation of 72,500 A ordinary shares of 10p each and 17,500 B ordinary shares of 10p each. In addition, 998 unissued ordinary shares of £1 each were converted into 9,980 B ordinary shares of 10p each, and 2 issued ordinary shares of £1 each were converted into 20 B ordinary shares of 10p each.

The holders of each A ordinary share or each B ordinary share shall have the right to receive notice of, attend, speak and vote at a general meeting of the Company.

Save for as detailed below, the shares shall rank *pari passu* in all respects.

The A ordinary shares issued during the period carry the right for the shareholders to receive, by way of a participating dividend, for the financial years commencing 1 May 2008 and ending 30 April 2011. Thereafter, the A ordinary shares and B ordinary shares shall rank equally share for share as regards dividends.

On liquidation, reduction of capital, dissolution or winding up of the company, each A ordinary share confers upon the holder thereof, the right to receive a proportion of the assets of the company available for distribution among the members equal to the issue price of each fully paid ordinary share and all dividends accrued or in arrears, similarly then to pay the B ordinary shareholders, then the balance to be distributed in accordance with the Articles of Association.

16 Profit and loss account and movements in shareholders funds

| | Share Capital | Profit & Loss Account | Share Premium | 2005 Total Shareholders funds £000 |
|--|---------------|--------------------------|---------------|--|
| | £000 | £000 | £000 | |
| Shares issued in the period | 10 | - | 470 | 480 |
| Retained profit for the financial period | - | 1,432 | - | 1,432 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 April 2005 | 10 | 1,432 | 470 | 1,912 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Notes (continued)

17 Analysis of cash flows

| | 2005 £'000 | £'000 |
|---|-------------------|-------------------|
| Returns on investment and servicing of finance | | |
| Interest received | 8 | |
| Interest and bank fees paid | (925) | |
| | <u> </u> | (917) |
| | | <u> </u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (316) | |
| Purchase in intangible assets | (276) | |
| | <u> </u> | (592) |
| | | <u> </u> |
| Acquisition | | |
| Purchase of business assets and deal fees | (10,786) | |
| | <u> </u> | (10,786) |
| | | <u> </u> |
| Financing | | |
| Issue of ordinary share capital | 480 | |
| Debt due within one year: | | |
| New stocking loan | 737 | |
| New secured revolver loan | 5,500 | |
| Repayment of secured revolver loan | (5,500) | |
| Debt due after more than one year: | | |
| New secured bank loan (repayable 2011) | 1,500 | |
| New secured loan stock (repayable 2009-2011) | 6,770 | |
| | <u> </u> | 9,487 |
| | | <u> </u> |

18 Analysis of net debt

| | Beginning of period £'000 | Cash flow £'000 | At end of period £'000 |
|----------------------------|---------------------------------|--------------------|---------------------------|
| Cash in hand, at bank | - | 4,173 | 4,173 |
| | <u> </u> | <u> </u> | <u> </u> |
| Debt due within one year | | | |
| - Stocking loan | - | (737) | (737) |
| Debt due after one year | | | |
| - Loan stock (see note 14) | - | (6,656) | (6,656) |
| - Bank Loans (see note 14) | - | (1,386) | (1,386) |
| | <u> </u> | <u> </u> | <u> </u> |
| | - | (8,779) | (8,779) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | - | (4,606) | (4,606) |
| | <u> </u> | <u> </u> | <u> </u> |

Notes (continued)

19 Acquisition of trade and assets during period

| | |
|----------------------------|---------------|
| | 2005 £'000 |
| Net assets acquired | |
| Tangible fixed assets | 576 |
| Stocks | 5,924 |
| | <hr/> |
| | 6,500 |
| Purchased goodwill | 4,000 |
| Deal fees capitalised | 286 |
| | <hr/> |
| Total | 10,786 |
| | <hr/> |
| Satisfied by | |
| Cash | 10,786 |
| | <hr/> |

20 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

| | |
|-------------------------------|--------------|
| | 2005 £000 |
| Contracted | 261 |
| Authorised but not contracted | 682 |
| | <hr/> |
| | 943 |
| | <hr/> |

(b) Annual commitments under non-cancellable operating leases are as follows:

| | 2005 Land and buildings £000 | 2005 Other £000 |
|--|---------------------------------------|-----------------------|
| Operating leases which expire: | | |
| Within one year | - | 4 |
| In the second to fifth years inclusive | 7 | 199 |
| Over five years | 667 | - |
| | <hr/> | <hr/> |
| | 674 | 203 |
| | <hr/> | <hr/> |

Notes (continued)

21 Acquisition

On 14 May 2004 the company acquired certain assets from the Administrators of Transbus International Ltd. The resulting goodwill was capitalised and will be written off over 7 years, being the period over which the directors believe the benefits of the current designs, existing product range and contracts will be realised over.

| | Book value £000 | Other adjustments £000 | Fair value £000 |
|-------------------------------|--------------------|------------------------------|--------------------|
| Fixed assets | | | |
| Tangible | 576 | - | 576 |
| Current assets | | | |
| Stock | 5,924 | 40 | 5,964 |
| Debtors | - | 470 | 470 |
| Total assets | <u>6,500</u> | <u>510</u> | <u>7,010</u> |
| Creditors | <u>-</u> | <u>(150)</u> | <u>(150)</u> |
| Total liabilities | <u>-</u> | <u>(150)</u> | <u>(150)</u> |
| Net assets | <u>6,500</u> | <u>360</u> | <u>6,860</u> |
| Goodwill | | | <u>3,640</u> |
| Purchase consideration | | | <u>10,500</u> |

These provisional fair value adjustments reflect amounts owed to suppliers under contracts entered into by the Administrators of Transbus International Ltd, and deposits received from customers by Transbus International Ltd and honoured upon the sale and delivery of vehicles by Plaxton Ltd.

22 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amount to £116,000.

There were outstanding contributions at the end of the financial period of £24,290 and these are included within other creditors.

23 Related party transactions

Clients of Aberdeen Murray Johnstone Private Equity Funds hold 96.6% of the A ordinary shares; those clients also hold 100% of the secured loan notes of £6.77m referred to in note 14. Interest included in the profit and loss account on those loans in the period amounted to £642,000 as detailed in note 7.

Loan notes of £6.77m were received in the period, and remain outstanding at the period end. Outstanding interest at the period end was £338,000.