

BIBBY DISTRIBUTION SERVICES LIMITED

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

S P Sherrard - (Chairman)
A J Palmer - (Managing Director)
N J Higgs
S Hunter
G Watson
K Hassett - Resigned 30.6.95

BANKERS

Midland Bank plc
Liverpool City Office
4 Dale Street
Liverpool
L69 2BZ

AUDITORS

Price Waterhouse
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LJ

SECRETARY

Bibby Bros & Co (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ

Incorporated in England and Wales
Registered No. 248320



BIBBY DISTRIBUTION SERVICES LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on 2 May 1996 at 105 Duke Street, Liverpool for the following purposes:

To approve the Directors' Report and Financial Statements for the year ended 31 December 1995.

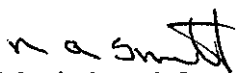
To re-elect the retiring Directors.

To re-appoint Price Waterhouse as Auditors of the Company for the ensuing year.

To transact any other ordinary business.

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

By order of the Board


Duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co.
(Management) Limited

Bibby Bros & Co (Management) Limited
Secretary

Date: 1 April 1996

BIBBY DISTRIBUTION SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their Report together with the Financial Statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The principal activities of the Company are contract distribution, warehousing and transport.

During the year, the Company was successful in securing and implementing new dedicated contract business and investment was directly linked to these developments.

On 1 April 1995 the trade, assets and liabilities of Nisaway Limited, a subsidiary of Bibby Distribution Services (Holdings) Limited were transferred to the Company.

The Company continued to improve the quality and value of the services provided to all of its customers whilst maintaining strong pressure to reduce operating costs.

In the current year, the Company will actively seek opportunities to expand and develop its business through the winning of new dedicated contract business, the further development of shared-user services through the depot network and appropriate acquisition of contract-based businesses.

TRADING RESULT

The results for the year are set out in the profit and loss account on page 7.

The Directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year were:

S P Sherrard - Chairman
A J Palmer - Managing Director
N J Higgs
S Hunter
G Watson
K Hassett - (Resigned 30.6.95)

BIBBY DISTRIBUTION SERVICES LIMITED

DIRECTORS' REPORT (Continued)

The only interests of the Directors in shares of the Bibby Group Companies were in shares of Bibby Line Group Limited.

The interests of Mr S P Sherrard and Mr A J Palmer in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company.

Insurance has been taken out under Section 310(3) of the Companies Act 1985, for the Company's officers against liabilities in relation to the Company.

STATEMENT OF DIRECTORS' 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 of the Company 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 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.

FIXED ASSETS

Information relating to changes in fixed assets during the year is given in the notes to the accounts.

BIBBY DISTRIBUTION SERVICES LIMITED

DIRECTORS' REPORT (Continued)

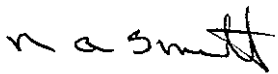
EMPLOYEE INVOLVEMENT

The Company has maintained a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

AUDITORS

Price Waterhouse, being eligible, have indicated their willingness to continue in office and a resolution will be submitted at the Annual General Meeting proposing that they be re-appointed.

Bibby Bros & Co (Management) Limited
105 Duke Street
Liverpool
L1 5JQ


Secretary **Duly Authorised Signatory**
For and on behalf of
Bibby Bros. & Co.
(Management) Limited

Date: 1 April 1996

BIBBY DISTRIBUTION SERVICES LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 7 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on Page 4 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 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 at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors
Liverpool

DATE: 1 April 1996

BIBBY DISTRIBUTION SERVICES LIMITED**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1995**

		1995	1994
	Note	£	£
Turnover	2	34,483,919	22,720,908
Cost of Sales		(28,140,861)	(18,339,519)
Gross Profit		<u>6,343,058</u>	<u>4,381,389</u>
Administrative expenses		(4,179,364)	(2,571,016)
Operating Profit		<u>2,163,694</u>	<u>1,810,373</u>
Interest payable and similar charges	3	(399,443)	(317,761)
Interest receivable and similar income		125,819	41,320
Profit on Ordinary Activities before Taxation	4	1,890,070	1,533,932
Taxation	5	(700,000)	(540,000)
Profit for the Financial Year	15	<u>1,190,070</u>	<u>993,932</u>

The notes on pages 9 to 18 form an integral part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in 1995 or 1994 other than the profit for the year.

The turnover and profit on ordinary activities all derive from continuing activities which are unchanged from the previous year.

BIBBY DISTRIBUTION SERVICES LIMITED

BALANCE SHEET AS AT DECEMBER 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets:			
Owned	8(a)	6,630,163	3,647,106
Leased	8(b)	<u>205,763</u>	<u>317,616</u>
		<u>6,835,926</u>	<u>3,964,722</u>
CURRENT ASSETS			
Stocks	9	137,453	109,443
Debtors	10	4,744,652	4,710,162
Cash at bank and in hand		1,377,147	1,566,635
		<u>6,259,252</u>	<u>6,386,240</u>
CREDITORS (Amounts falling due within one year)	11	<u>(12,133,883)</u>	<u>(10,668,647)</u>
NET CURRENT LIABILITIES		<u>(5,874,631)</u>	<u>(4,282,407)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>961,295</u>	<u>(317,685)</u>
CREDITORS			
(Amounts falling due after more than one year)	12	702,559	553,734
PROVISION FOR LIABILITIES AND CHARGES	13	260,000	319,915
		<u>962,559</u>	<u>873,649</u>
CAPITAL AND RESERVES			
Called up share capital	14	700,000	700,000
Profit and loss account (adverse balance)	15	(701,264)	(1,891,334)
Shareholders' funds	16	<u>(1,264)</u>	<u>1,191,334</u>
		<u>961,295</u>	<u>(317,685)</u>

The notes on pages 9 to 18 form an integral part of these accounts.

Approved by the Board on 1 April 1996

S P Sherrard }

Directors

A J Palmer }

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(a) Accounting Convention

These accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

(b) Fixed Assets and Depreciation

Fixed assets are stated in the balance sheet at cost less depreciation provided to date. Depreciation is provided in equal annual instalments over the estimated useful life of the asset, on the original cost of the asset.

The rates of depreciation are as follows:-

Leasehold land and buildings:-

Long 2%

Short The life of the lease

Vehicles &

Equipment Varying rates from 10% - 25%

(c) Leased Assets - Vehicles and Equipment

(i) Assets held under finance leases

The capital element of leasing repayments is treated as a separate category within fixed assets. The outstanding commitment to repay these sums is shown separately within creditors in notes 11 and 12.

Interest is allocated to accounting periods by a method which produces a constant periodic rate of charge on the remaining balances outstanding.

Leased vehicles and equipment are depreciated at rates varying between 12.5% - 20%.

(ii) Assets held under operating leases

Payments made under operating leases are charged to the profit and loss account in the period to which they relate.

(d) Deferred Taxation

Provision for deferred taxation resulting from accelerated tax depreciation allowances and other timing differences is made where a corporation tax liability is expected to arise within the foreseeable future.

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

1 ACCOUNTING POLICIES (Continued)

(e) Stocks

Stocks are stated at the lower of weighted average cost or net realisable value.

(f) Turnover

Turnover represents the total amount receivable in the ordinary course of business for services provided excluding value added tax. All turnover relates to continuing operations.

(g) Pension Costs

The cost of providing pensions is charged against profit on a systematic basis with pension surpluses or deficits arising allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as assets or liabilities.

(h) Cash Flows

A statement of Group cash flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Accordingly, no statement is presented in these accounts.

2 SEGMENTAL INFORMATION

The Directors are of the opinion that there is only one business, that of contract distribution, warehousing and transport.

Geographical Analysis	1995	1994
	£	£
United Kingdom	34,483,919	22,705,635
France	-	11,408
Italy	-	1,342
Germany	-	1,103
Holland	-	1,420
	<u>34,483,919</u>	<u>22,720,908</u>

BIBBY DISTRIBUTION SERVICES LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)****3 INTEREST PAYABLE AND SIMILAR CHARGES**

	1995	1994
	£	£
Interest payable on bank borrowings repayable within five years	294,293	192,111
Finance charges payable on finance leases and HP agreements	105,150	125,650
	<u>399,443</u>	<u>317,761</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995	1994
	£	£
Profit on Ordinary activities before taxation is stated after charging/(crediting):		
Wages and salaries	10,379,188	6,700,301
Social security costs	981,426	508,563
Pension costs	307,128	187,614
	<u>11,667,742</u>	<u>7,396,478</u>
Depreciation of owned assets	1,337,216	733,872
Depreciation of assets held under finance leases	230,176	332,135
Auditors' remuneration	18,500	18,000
Hire of plant & machinery	328,187	500,429
Lease rentals - property	2,627,376	1,345,066
Profit on disposal of fixed assets	<u>(159,453)</u>	<u>(84,659)</u>

BIBBY DISTRIBUTION SERVICES LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)****4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
(Continued)****Lease rentals**

The following amounts are in respect of operating leases which are charged on a straight line basis over the lease term.

The annual commitments of existing leases are:

	1995 £	1994 £
Expiry Date		
Within 1 year	85,556	-
After 1 year but within 5 years	590,764	240,949
After 5 years	2,471,864	742,975

The majority of these commitments relate to properties.

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
Taxation based on the profit for the year at 33% (1994 - 33%)		
Group relief payable		
- current period	(460,000)	(515,000)
- prior period	(36,000)	(71,000)
	<hr/>	<hr/>
	(496,000)	(586,000)
 Deferred taxation - (charge)/release in current period at 33% (Note 13)	 (204,000)	 46,000
	<hr/>	<hr/>
	<u>(700,000)</u>	<u>(540,000)</u>

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

6 DIRECTORS

	1995	1994
	£	£
Directors' emoluments	-	<u>67,381</u>
Details of Directors' emoluments (excluding pension contributions):		
Chairman	-	-
Highest paid Director	-	65,657
Directors received remuneration within the following bands:		
£NIL - £5,000	6	6

7 EMPLOYEES

The average number of persons employed by the Company throughout the year was 716 (1994 - 472).

8 TANGIBLE FIXED ASSETS

	Short Leasehold £	Vehicles & Equipment £	Total £
(a) Owned			
Cost at 31 December 1994	1,426,930	4,142,410	5,569,340
Additions - External	314,977	1,764,386	2,079,363
- Intra Group	122,244	3,788,360	3,910,604
Disposals	<u>(3,795)</u>	<u>(738,887)</u>	<u>(742,682)</u>
At 31 December 1995	<u>1,860,356</u>	<u>8,956,269</u>	<u>10,816,625</u>
Depreciation at 31 December 1994	499,513	1,422,721	1,922,234
Charge for year	116,613	1,220,603	1,337,216
Additions - Intra Group	43,098	1,469,113	1,512,211
Disposals	<u>(3,795)</u>	<u>(581,404)</u>	<u>(585,199)</u>
At 31 December 1995	<u>655,429</u>	<u>3,531,033</u>	<u>4,186,462</u>
Net book amount			
At 31 December 1995	<u>1,204,927</u>	<u>5,425,236</u>	<u>6,630,163</u>
At 31 December 1994	<u>927,417</u>	<u>2,719,689</u>	<u>3,647,106</u>

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

8 TANGIBLE FIXED ASSETS (Continued)

(b) Leased

	Vehicles & Equipment
	£
Cost:	
As at 31 December 1994	2,519,539
Additions - Intra Group	488,072
Disposals	<u>(480,184)</u>
At 31 December 1995	<u>2,527,427</u>
 Depreciation:	
As at 31 December 1994	2,201,923
Additions - Intra Group	347,473
Charge for year	230,176
Disposals	<u>(457,908)</u>
At 31 December 1995	<u>2,321,664</u>
 Net book amount	
At 31 December 1995	<u>205,763</u>
At 31 December 1994	<u>317,616</u>

(c) Capital Commitments

	1995	1994
	£	£
Capital expenditure contracted for but not provided for in the accounts	<u>134,180</u>	<u>563,517</u>
 Capital expenditure authorised by the Directors but not yet contracted for	<u>NIL</u>	<u>NIL</u>

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

9 STOCKS	1995	1994
	£	£
Consumables	<u>137,453</u>	<u>109,443</u>
10 DEBTORS		
Trade debtors	3,954,050	3,793,568
Amounts owed by group undertakings	119,339	286,440
Other debtors	3,594	14,243
Prepayments and accrued income	<u>667,669</u>	<u>615,911</u>
	<u>4,744,652</u>	<u>4,710,162</u>
11 CREDITORS		
(Amounts Falling Due Within One Year)		
Obligations under finance leases and HP (Note 12)	407,975	382,775
Trade creditors	2,001,242	1,907,007
Amounts owed to group undertakings	6,612,805	6,420,892
Other taxation and social security	325,416	231,327
Accruals and deferred income	<u>2,786,445</u>	<u>1,726,646</u>
	<u>12,133,883</u>	<u>10,668,647</u>
12 CREDITORS		
(Amounts Falling Due After More Than One Year)		
Obligations under finance leases and HP	<u>702,559</u>	<u>553,734</u>
Obligations under finance leases and HP repayable:		
Within one year	407,975	382,775
In the second to fifth years inclusive	<u>702,559</u>	<u>553,734</u>
	<u>1,110,534</u>	<u>936,509</u>

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

13 PROVISION FOR LIABILITIES AND CHARGES	1995 £	1994 £
Pension provision	-	263,915
Deferred taxation at 33% (Note 5)	<u>260,000</u>	<u>56,000</u>
	<u>260,000</u>	<u>319,915</u>

Deferred taxation comprises:

Accelerated capital allowances	312,000	119,000
Other timing differences	<u>(52,000)</u>	<u>(63,000)</u>
	<u>260,000</u>	<u>56,000</u>

The potential amount of deferred taxation not provided for at 31 December 1995 is £173,000 (1994 - £37,000).

14 CALLED UP SHARE CAPITAL	Authorised, Allotted and Fully Paid	
	1995 £	1994 £
Ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>

15 RESERVES	Profit & Loss 1995 £
At 1 January 1995 - adverse	(1,891,334)
Profit for the year	<u>1,190,070</u>
At 31 December 1995 - adverse	<u>(701,264)</u>

16 MOVEMENTS IN SHAREHOLDERS' FUNDS	1995 £	1994 £
Profit for the financial year	<u>1,190,070</u>	<u>993,932</u>
Net addition to shareholders' funds	1,190,070	993,932
Opening shareholders' funds	<u>(1,191,334)</u>	<u>(2,185,266)</u>
Closing shareholders' funds	<u>(1,264)</u>	<u>(1,191,334)</u>

The whole of the shareholders' funds relate to equity interests.

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

17 PENSION COSTS

The Company's employees are members of the Bibby Line Group Scheme which commenced on 1 January 1989. This is a defined benefit pension scheme operated for the Group's employees. The assets of the scheme are held in a separate trustee administered fund. The methods by which the charges to revenue are calculated are explained in the statement of accounting policies.

The latest actuarial valuation was at 6 April 1993 and showed the scheme to be in surplus. Contributions are determined in accordance with independent actuarial advice. Further actuarial information is given in the accounts of Bibby Line Group Limited.

In addition the Company operates a group employee defined contributions scheme established with an insurance company. This scheme is for hourly paid employees originally employed by Alexandra-Molyneux Haulage Limited. The scheme is completely independent of the Company which contributes a fixed percentage of the related payroll cost.

The total pensions costs for the year were £307,128 (1994 - £187,614). A provision of £NIL (1994 - £263,915) is included in provision for liabilities and charges representing the excess of the accumulated pension cost over the amount funded for the Bibby Line Group scheme.

18 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Distribution Services (Holdings) Limited, which is a wholly owned subsidiary of Bibby Line Group Limited, both of which are incorporated in the United Kingdom.

Loans have been advanced to the Company by its parent undertaking, the amounts of which are included in note 11, as part of its continued support to the Company.

Bibby Distribution Services (Holdings) Limited is the parent undertaking of the smallest group which consolidates these accounts, and of which the Company is a member.

Bibby Line Group Limited is the ultimate parent undertaking of the largest group which consolidates these accounts, and of which the Company is a member.

Both sets of consolidated accounts may be obtained from 105 Duke Street, Liverpool.

BIBBY DISTRIBUTION SERVICES LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 1995 (Continued)

19 CONTINGENT LIABILITIES

A bank loan of the parent undertaking and the overdrafts of its subsidiary undertakings are secured by a first floating and first fixed charge on the undertaking of the Company, its parent undertaking and its fellow subsidiary undertakings and by cross guarantees given by those companies. A ranking agreement has also been entered into covering the Bank of Scotland, Midland Bank plc, Bibby Distribution Services Limited, Alexandra-Molyneux Haulage Limited, Bibby Distribution Limited, Bondelivery Limited, Bibby Distribution (Avonmouth) Limited, Bibby Logistics Limited and the parent undertaking regulating the respective ranking of the debentures granted in favour of the Bank of Scotland and Midland Bank plc.

As at 31 December 1995 the contingent liability thus arising is £3,912,075 (1994 - £2,651,164).