

RDL Distribution Limited

Report and Financial Statements

31 December 2004

Registered No 527890



RDL Distribution Limited

Registered No: 527890

Directors

P Crowther
K M Hornsby
D Smith
N Himsworth
R Bell
A Vickers

Secretary

N Himsworth

Auditors

Ernst & Young LLP
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Bankers

Lloyds TSB Bank plc
6/7 Park Row
Leeds
LS1 1NX

Solicitors

Ford and Warren
Westgate Point
Westgate
Leeds
LS1 2AX

Registered office

Shireoaks
Worksop
Nottinghamshire
S81 8NW

Website address

www.rdl-distribution.com

Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year, after taxation, amounted to £1,450,000 (2003 - £1,034,000).

During the year an interim dividend of £400,000 was paid (2003 - £550,000). The directors do not recommend payment of a final dividend (2003 - £Nil). The retained profit of £1,050,000 has been transferred to reserves (2003 - £484,000).

Principal activities and review of the business

The principal activity of the company is road haulage.

Both the level of business and the year end financial position of the company were considered to be satisfactory. The directors expect the present level of activity to be sustained.

Future developments

The group continues to develop the RDL brand with particular emphasis on strengthening its network particularly in the crane sector – for bespoke, benchmarked customer service and reliability.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

Directors

The directors who served the company during the year were as follows:

P Crowther
K M Hornsby
D Smith
N Himsworth

R Bell (appointed 1 April 2004)
A Vickers (appointed 1 April 2004)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Creditor payment policy

Terms and conditions for transactions are agreed with suppliers and payment is made on these terms subject to the supplier meeting the agreed terms and conditions. The normal trade creditor days for the year ending 31 December 2004 were 37 days (2003 – 45 days).

Charitable contributions

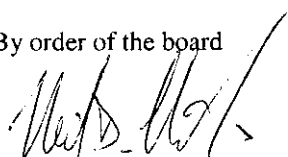
During the year, the company made various charitable contributions totalling £3,093.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



N Himsworth
Secretary

19 April 2005

Statement of directors' responsibilities in respect of the financial statements

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; and
- 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.

Statement of directors' responsibilities in respect of the financial statements

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with 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.

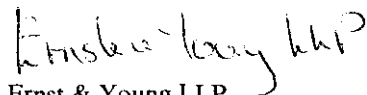
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of RDL Distribution Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Leeds

19 April 2005

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Turnover	2	53,636	45,094
Cost of sales		(46,277)	(39,687)
Gross profit		7,359	5,407
Administrative expenses		(5,160)	(4,024)
Operating profit	3	2,199	1,383
Profit on disposal of tangible fixed assets	4	154	159
		2,353	1,542
Interest receivable	7	10	15
Interest payable and similar charges	8	(266)	(173)
		(256)	(158)
Profit on ordinary activities before taxation		2,097	1,384
Tax on profit on ordinary activities	9	(647)	(428)
Profit on ordinary activities after taxation		1,450	956
Dividends:			
ordinary dividends on equity shares	10	(400)	(550)
Profit retained for the financial year		1,050	406

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £1,450,000 attributable to the shareholders for the year ended 31 December 2004 (2003 - profit of £956,000).

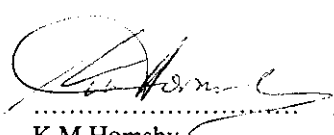
Balance sheet

at 31 December 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	11	3,695	3,130
Current assets			
Stocks	12	482	323
Debtors	13	11,381	9,678
Cash at bank		329	1,131
		12,192	11,132
Creditors: amounts falling due within one year	14	(8,071)	(7,937)
Net current assets		4,121	3,195
Total assets less current liabilities		7,816	6,325
Creditors: amounts falling due after more than one year	15	(1,199)	(726)
Provisions for liabilities and charges	17	(52)	(84)
		6,565	5,515
Capital and reserves			
Called up share capital	21	2,834	2,834
Revaluation reserve	22	49	52
Profit and loss account	22	3,682	2,629
Equity shareholders' funds	22	6,565	5,515



.....
D Smith
Director



.....
K M Homsby
Director

19 April 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold Property	-	Evenly over the anticipated useful life
General Fixed Plant	-	10%
Office machinery and Fittings	-	20%
Mobile plant and vehicles	-	8.5% - 25%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

As lessee

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

As lessor

Amounts receivable under finance leases and hire purchase contracts are included under debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease and hire purchase contracts income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included within interest receivable.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discount and value added tax. The turnover and pre-tax profit, all of which arise in the United Kingdom, are attributable to the one continuing activity, the supply of transport.

Notes to the financial statements

at 31 December 2004

3. Operating profit

This is stated after charging/(crediting):

	2004 £000	2003 £000
Auditors' remuneration - audit services	30	29
- non-audit services	12	13
Depreciation of owned fixed assets	666	592
Depreciation of assets held under finance leases	454	351
	<u>1,120</u>	<u>943</u>
Operating lease rentals - plant and machinery	<u>2,477</u>	<u>2,045</u>

4. Exceptional items

	2004 £000	2003 £000
Profit on disposal of fixed assets	<u>154</u>	<u>159</u>

5. Staff costs

	2004 £000	2003 £000
Wages and salaries	9,333	6,806
Social security costs	938	609
Other pension costs	726	403
	<u>10,997</u>	<u>7,818</u>

The monthly average number of employees during the year was as follows:

	2004 No.	2003 No.
Distribution staff	282	234
Administrative staff	47	40
	<u>329</u>	<u>274</u>

6. Directors' emoluments

	2004 £000	2003 £000
Emoluments	<u>670</u>	<u>572</u>
Value of company pension contributions to money purchase schemes	<u>364</u>	<u>132</u>

Notes to the financial statements

at 31 December 2004

6. Directors' emoluments (continued)

	2004 No.	2003 No.
Members of money purchase pension schemes	<u>6</u>	<u>4</u>

The amounts in respect of the highest paid director are as follows:

	2004 £000	2003 £000
Emoluments	<u>162</u>	<u>191</u>
Value of company pension contributions to money purchase schemes	<u>88</u>	<u>61</u>

7. Interest receivable

	2004 £000	2003 £000
Hire purchase interest receivable	4	15
Other interest receivable	<u>6</u>	<u>-</u>

8. Interest payable and similar charges

	2004 £000	2003 £000
Bank interest payable	148	81
Finance charges payable under finance leases	118	92
	<u>266</u>	<u>173</u>

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
UK corporation tax	677	449
Tax under/(over) provided in previous years	2	(2)
Total current tax (note 9(b))	<u>679</u>	<u>447</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(32)	(19)
Tax on profit on ordinary activities	<u>647</u>	<u>428</u>

Notes to the financial statements

at 31 December 2004

9. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £000	2003 £000
Profit on ordinary activities before taxation	2,097	1,384
Profit on ordinary activities multiplied by standard rate of tax	629	415
Disallowed expenses and non taxable income	25	24
Depreciation in excess of capital allowances	2	4
Other timing differences	21	6
Adjustments in respect of previous periods	2	(2)
Total current tax (note 9(a))	679	447
(c) Deferred tax		
	2004 £000	2003 £000
Capital allowances in advance of depreciation	90	101
Other timing differences	(38)	(17)
Provision for deferred taxation	52	84
		£000
At 1 January 2004		84
Profit and loss account movement arising during the year		(32)
At 31 December 2004		52

10. Dividends

	2004 £000	2003 £000
Equity dividends on ordinary shares:		
Interim paid	400	550

Notes to the financial statements

at 31 December 2004

11. Tangible fixed assets

	<i>Freehold Land and buildings £000</i>	<i>Plant & Machinery £000</i>	<i>Total £000</i>
Cost or valuation:			
At 1 January 2004	811	8,001	8,812
Additions	52	2,085	2,137
Disposals	–	(1,170)	(1,170)
At 31 December 2004	<u>863</u>	<u>8,916</u>	<u>9,779</u>
Depreciation:			
At 1 January 2004	357	5,325	5,682
Provided during the year	41	1,079	1,120
Disposals	–	(718)	(718)
At 31 December 2004	<u>398</u>	<u>5,686</u>	<u>6,084</u>
Net book value:			
At 31 December 2004	<u>465</u>	<u>3,230</u>	<u>3,695</u>
At 1 January 2004	<u>454</u>	<u>2,676</u>	<u>3,130</u>

The net book value of assets above includes an amount of £2,204,000 (2003 - £1,378,000) in respect of assets held under finance leases.

On the historical cost basis, certain fixed assets would have been included as follows:

	<i>£000</i>
Cost:	
At 1 January 2004 and 31 December 2004	<u>271</u>
Cumulative depreciation based on cost:	
At 1 January 2004	<u>263</u>
At 31 December 2004	<u>271</u>

12. Stocks

	<i>2004 £000</i>	<i>2003 £000</i>
Maintenance stores, spares and fuel	<u>482</u>	<u>323</u>

In the opinion of the directors, the replacement cost of stocks is not materially different from the carrying value in these accounts.

Notes to the financial statements

at 31 December 2004

13. Debtors

	2004 £000	2003 £000
Trade debtors	7,351	5,954
Amounts owed by group undertakings	2,961	2,961
Other debtors	695	524
Hire purchase receivable	11	40
Prepayments	363	199
	<u>11,381</u>	<u>9,678</u>

Included within hire purchase receivables is an amount of £2,000 (2003 - £13,000), which is due after more than one year.

Hire purchase contracts:

	2004 £000	2003 £000
Rentals receivable during year	30	42
Assets acquired during year	-	29

The balance due from group undertakings relates to a loan given to RDL Holdings Limited for the purpose of purchasing shares in RDL Distribution Limited. The balance is not expected to be repaid within the next twelve months.

14. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Obligations under finance leases (note 16)	619	448
Trade creditors	3,115	2,768
Corporation tax	336	454
Other taxation and social security	671	624
Accruals and deferred income	3,330	3,643
	<u>8,071</u>	<u>7,937</u>

15. Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Obligations under finance leases (note 16)	<u>1,199</u>	<u>726</u>

Notes to the financial statements

at 31 December 2004

16. Obligations under finance leases

The maturity of these amounts is as follows:

	2004 £000	2003 £000
Amounts payable:		
Within one year	717	513
In three to five years	1,313	793
	<u>2,030</u>	<u>1,306</u>
Less: finance charges allocated to future periods	(212)	(132)
	<u>1,818</u>	<u>1,174</u>
Finance leases are analysed as follows:		
Current obligations (note 14)	619	448
Non-current obligations (note 15)	1,199	726
	<u>1,818</u>	<u>1,174</u>

17. Provisions for liabilities and charges

	Deferred taxation £000
At 1 January 2004	84
Profit and loss account movement arising during the year	(32)
At 31 December 2004	<u>52</u>

18. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings	
	2004 £000	2003 £000
Operating leases which expire:		
Within one year	279	95
In two to five years	1,832	893
	<u>2,111</u>	<u>988</u>

19. Contingent liability

The company is a party to a guarantee with Barclays Mercantile Business Finance Ltd on behalf of certain suppliers who lease vehicles under contract purchase agreements. At 31 December 2004 the company's contingent liability under this guarantee amounted to £585,000 (2003: £297,000).

20. Related party transactions

Advantage has been taken of the exemptions contained with Financial Reporting Standard 8 in respect of the disclosure of related party transactions and therefore transactions with other group companies are not disclosed separately

Notes to the financial statements

at 31 December 2004

21. Share capital

		<i>Authorised</i>	
		<i>2004</i>	<i>2003</i>
		<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each		2,834	2,834

		<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>2004</i>	<i>2003</i>
		<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	2,834,000	2,834	2,834

22. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2003	2,834	55	2,220	5,109
Profit for the year	—	—	956	956
Dividends	—	—	(550)	(550)
Other movements				
- transfer to/(from) revaluation reserve	—	(3)	3	—
At 31 December 2003	2,834	52	2,629	5,515
Profit for the year	—	—	1,450	1,450
Dividends	—	—	(400)	(400)
Other movements				
- transfer to/(from) revaluation reserve	—	(3)	3	—
At 31 December 2004	2,834	49	3,682	6,565

23. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £482,000 (2003: £465,000).

24. Pensions

The company operates a defined contribution pension scheme, RDL Distribution Group Personal Pension Plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end included in 'Accruals' (note 14) were £59,266 (2003: £27,389).

25. Ultimate parent company

The company's immediate and ultimate parent undertaking is RDL Holdings Limited in whose financial statements it has been included. RDL Holdings Limited is also the company's ultimate parent undertaking. Copies of RDL Holdings Limited's accounts can be obtained from its registered office: Shireoaks, Worksop, S81 8NW.