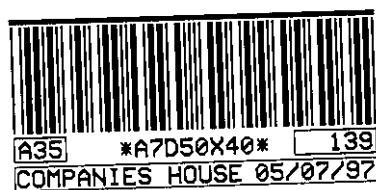


B J MYERS HAULAGE LIMITED

1274872

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

28th FEBRUARY 1997



WEST & CO

CHARTERED ACCOUNTANTS

B J MYERS HAULAGE LIMITEDREPORT OF THE DIRECTORS28th FEBRUARY 1997

The Directors present their Report with the Financial Statements of the Company for the year ended 28th February 1997.

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.

The principal activity of the company in the year is that of Haulage Contractors.

The Results for the year are set out on page 3.

The directors consider the profit achieved on ordinary activities before taxation to be particularly satisfactory given the ever increasing competitive nature of the business, and the directors consider the state of affairs to be satisfactory.

The Directors in office during the year and their beneficial interests in the issued ordinary share capital of the company and its holding company were,


£1 Ordinary Shares

| | <u>Holding Company</u> | | <u>The Company</u> | |
|-----------|------------------------|-------------|--------------------|-------------|
| | <u>1997</u> | <u>1996</u> | <u>1997</u> | <u>1996</u> |
| B J MYERS | 170,001 | 170,001 | - | - |
| A L MYERS | 30,001 | 30,001 | - | - |

The Directors do not recommend a dividend (1996, Nil).

A resolution to reappoint as Auditors Messrs West and Co will be put to the Annual General Meeting.

This report was approved by the Board on 30th June 1997 and signed on its behalf,



A. L. MYERS

COMPANY SECRETARY

AUDITORS REPORT TO THE MEMBERS OF

B J MYERS HAULAGE LIMITED

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 have 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 28th February 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

30th Jan 1997

Bartrum House
Ravens Lane
Berkhamsted
Hertfordshire

West & Co

WEST & CO

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

B J MYERS HAULAGE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 28th FEBRUARY 1997

| | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|--|--------------|-------------|-------------|
| TURNOVER | 5 | 2,791,162 | 2,314,647 |
| Cost of Sales | | 2,565,143 | 2,110,623 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 226,019 | 204,024 |
| Administration Charges | | 219,948 | 161,229 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | | 6,071 | 42,795 |
| Interest Payable | 5 | - | 58 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | 6,071 | 42,737 |
| Taxation | 7 | 2,223 | (80) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 3,848 | 42,817 |
| RETAINED PROFIT AT 1.3.1996 | | 156,371 | 113,554 |
| | | <hr/> | <hr/> |
| RETAINED PROFIT AT 28.2.1997 | | £ 160,219 | £ 156,371 |
| | | <hr/> <hr/> | <hr/> <hr/> |

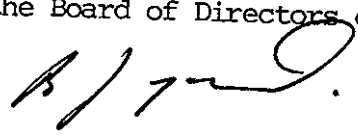
A statement of total recognised gains and losses under FRS3 is not included as there were no gains or losses other than the profit for the year as shown above. None of the company's activities were acquired or discontinued during the year.

The notes on pages 6 to 9 form part of these financial statements.

B J MYERS HAULAGE LIMITEDBALANCE SHEET28th FEBRUARY 1997

| | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|--|--------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible Assets | 10 | 1,193 | 1,925 |
| CURRENT ASSETS | | | |
| Debtors | 8 | <u>839,353</u> | <u>712,012</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 4 | <u>670,327</u> | <u>547,446</u> |
| NET CURRENT ASSETS | | <u>169,026</u> | <u>164,566</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 170,219 | 166,491 |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| Deferred Taxation | 7 | <u>-</u> | <u>(120)</u> |
| NET ASSETS | | <u>£ 170,219</u> | <u>£ 166,371</u> |
| CAPITAL AND RESERVES | | | |
| Called up Share Capital | 2 | 10,000 | 10,000 |
| Profit and Loss Accounts | | <u>160,219</u> | <u>156,371</u> |
| SHAREHOLDERS FUNDS | 11 | <u>£ 170,219</u> | <u>£ 166,371</u> |

The financial statements have been approved by the Board of Directors on
and signed on its behalf.


B J MYERS - DIRECTOR

The notes on pages 6 to 9 form part of these financial statements.

B J MYERS HAULAGE LIMITEDCASH FLOW STATEMENTYEAR ENDED 28th FEBRUARY 1997

| | <u>Notes</u> | <u>1997</u> | <u>1996</u> |
|--|--------------|-----------------|-----------------|
| Net cash inflow (outflow) from operating activities | 13 | (225,018) | 22,282 |
| Taxation | | | |
| Corporation Tax Repaid | | - | - |
| Corporation Tax paid (including advance corporation tax) | | - | (8,597) |
| | | <u>-</u> | <u>(8,597)</u> |
| Tax repaid (paid) | | - | (8,597) |
| Net Cash inflow (outflow) before use of liquid resources and financing | | | |
| Dividends | | <u>-</u> | <u>-</u> |
| Increase (Decrease) in Cash | | £ (253,018) | £ (13,685) |
| | | <u><u>-</u></u> | <u><u>-</u></u> |

The notes on pages 6 to 9 form part of these financial statements.

B J MYERS HAULAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS28th FEBRUARY 1997

1. ACCOUNTING POLICIES

- 1.1 The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.
- 1.2 Deferred Taxation is provided at current rates of taxation in respect of material timing differences.
- 1.3 Depreciation is provided at the following annual rates to write off Fixed Assets over their estimated useful life from the month of acquisition.
- | | | |
|------------------------------|-----|---------------------|
| Plant and Machinery | 25% | on reducing balance |
| Office Furniture & Equipment | 25% | on reducing balance |
| Computers | 25% | on cost |
- 1.4 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 transaction. Exchange differences are taken into account at the operating profit.
- 1.5 Debtors are stated net of provisions for amounts considered to be irrecoverable.
- 1.6 Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

2. CALLED UP SHARE CAPITAL

| | <u>1997</u> | <u>1996</u> |
|-----------------------|-------------------|-------------------|
| £1 Ordinary Shares | | |
| Authorised | £ 10,000 | £ 10,000 |
| | <u> </u> | <u> </u> |
| Issued and Fully Paid | £ 10,000 | £ 10,000 |
| | <u> </u> | <u> </u> |

3. BANK BORROWING

The Company and the Group's banking facilities are secured by means of a fixed and floating charge on the assets and undertakings of the company.

4. CREDITORS

| Amounts falling due within one year, | <u>1997</u> | <u>1996</u> |
|--------------------------------------|-------------------|-------------------|
| Bank Overdraft | 311,914 | 58,896 |
| Trade Creditors | 271,756 | 216,703 |
| Indebtedness to Group Companies | 51,148 | 232,013 |
| Social Security and Other Taxes | 8,399 | 9,493 |
| Corporation Tax | 2,343 | - |
| Accruals | 24,767 | 30,341 |
| | <u> </u> | <u> </u> |
| | £ 670,327 | £ 547,446 |
| | <u> </u> | <u> </u> |

B J MYERS HAULAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS28th FEBRUARY 19975. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES

Turnover represents net invoiced supplies, net of value added tax. All sales were within the United Kingdom.

The profit is stated before charging,

| | <u>1997</u> | <u>1996</u> |
|--|-------------------|-------------------|
| Depreciation | 732 | 809 |
| Management Charge | 100,000 | 60,000 |
| Auditors Remuneration - Audit Services | 1,750 | 1,625 |
| - Other Services | 1,750 | 1,625 |
| Operating Lease Rentals - Land and Buildings | 33,000 | 33,000 |
| - Plant and Machinery | 414,667 | 323,964 |
| | <u> </u> | <u> </u> |

6. STAFF COSTS

Staff costs were as follows,

| | <u>1997</u> | <u>1996</u> |
|-----------------------|-------------------|-------------------|
| Wages and Salaries | 370,646 | 339,848 |
| Social Security Costs | 37,065 | 33,985 |
| | <u> </u> | <u> </u> |
| | 407,771 | 373,833 |
| | <u> </u> | <u> </u> |

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

| | <u>1997</u> | <u>1996</u> |
|-------------------------|---------------|---------------|
| Engineering and Service | 31 | 31 |
| | <u> </u> | <u> </u> |

7. TAXATION

| | <u>1997</u> | <u>1996</u> |
|---|-------------------|-------------------|
| UK Corporation Tax at 24.1% (1996, 25%) | 2,343 | - |
| Deferred Taxation Provision (Reduction) | (120) | (80) |
| | <u> </u> | <u> </u> |
| | £ 2,223 | £ 80 |
| | <u> </u> | <u> </u> |

No provision for Deferred Taxation is necessary at 28.2.1997, (1996, £120).

B J MYERS HAULAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS28th FEBRUARY 1997

8. DEBTORS

| | <u>1997</u> | <u>1996</u> |
|--------------------------|------------------|------------------|
| Due from Group Companies | 786,236 | 591,512 |
| Other Debtors | 17,621 | 73,646 |
| Prepayments | 35,496 | 46,854 |
| | <u>£ 839,353</u> | <u>£ 712,012</u> |

9. GROUP COMPANIES

The Company is a wholly owned subsidiary of Myers Group plc.

10. TANGIBLE FIXED ASSETS

| | <u>Total</u> | <u>Office Furniture and Equipment</u> | <u>Plant and Machinery</u> | <u>Computers</u> |
|---------------------|----------------|---|--------------------------------|------------------|
| COST | | | | |
| At 1.3.96 | 14,123 | 6,175 | 5,950 | 1,998 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| | <u>14,123</u> | <u>6,175</u> | <u>5,950</u> | <u>1,998</u> |
| At 28.2.97 | 14,123 | 6,175 | 5,950 | 1,998 |
| DEPRECIATION | | | | |
| At 1.3.96 | 12,198 | 5,789 | 5,409 | 1,000 |
| Charge for the Year | 732 | 97 | 135 | 500 |
| Disposals | - | - | - | - |
| | <u>12,930</u> | <u>5,886</u> | <u>5,544</u> | <u>1,500</u> |
| At 28.2.97 | 12,930 | 5,886 | 5,544 | 1,500 |
| WRITTEN DOWN VALUE | | | | |
| At 28.2.97 | £ 1,193 | 289 | 406 | 498 |
| | <u>£ 1,925</u> | <u>386</u> | <u>541</u> | <u>998</u> |
| At 29.2.96 | £ 1,925 | 386 | 541 | 998 |

B J MYERS HAULAGE LIMITEDNOTES TO THE FINANCIAL STATEMENTS28th FEBRUARY 1997

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | <u>1997</u> | <u>1996</u> |
|---|------------------|------------------|
| Profit for Year | 3,848 | 42,817 |
| Shareholders' Funds at 1st March 1996 | <u>166,371</u> | <u>123,354</u> |
| Shareholders' Funds at 28th February 1997 | <u>£ 170,219</u> | <u>£ 166,371</u> |

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLER

In the opinion of the directors Myers Group plc is the company's ultimate parent undertaking and Mr B J Myers and Mr A L Myers who own 100% of the shares in Myers Group plc are the company's ultimate controllers.

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | <u>1997</u> | <u>1996</u> |
|----------------------------------|--------------------|-----------------|
| Operating Profit | 6,071 | 42,737 |
| Depreciation Charges | 732 | 809 |
| (Increase) Decrease in Debtors | (127,341) | (111,679) |
| Increase (Decrease) in Creditors | <u>(132,480)</u> | <u>90,415</u> |
| | <u>£ (253,018)</u> | <u>£ 22,282</u> |

14. ANALYSIS OF CHANGES IN NET DEBT

| | <u>1997</u> | <u>1996</u> |
|-----------------------------------|--------------------|-------------------|
| Bank Overdraft 1st March 1996 | (58,896) | (72,581) |
| Cash Flows | <u>(253,018)</u> | <u>13,685</u> |
| Bank Overdraft 28th February 1997 | <u>£ (311,914)</u> | <u>£ (58,896)</u> |

15. RELATED PARTIES

The company occupies premises owned by its parents' Company Pension Scheme. The rent from the property was £50,000 (1996, £50,000) and the company recharges £17,000 to a fellow subsidiary. At the balance sheet date no amount was outstanding (1996, £2,500).