

REGISTRAR OF COMPANIES

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

ACCOUNTS
for the year ended
31 DECEMBER 1989

Coopers
& Lybrand
Deloitte

**BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1989**

1 The directors present herewith the audited accounts for the year ended 31 December 1989.

Results and principal activities

2 The profit and loss account for the year is set out on page 4. The principal activity of the group continues to be specialised international haulage.

Review of business and future developments

3 Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

4 A wholly owned subsidiary, Bulkhaul Belgium NV, was incorporated and commenced trading as a specialised international haulier on 1 March 1989. This company has a paid up capital of BFr 1.7 million.

5 With effect from 1 September 1989 the company increased its beneficial ownership of the share capital of Kieserling (UK) Limited to 100%, comprising of 100,000 ordinary shares of £1 each. The business and assets of Kieserling (UK) Limited, excluding its investments in subsidiary companies, were transferred to Bulkhaul Limited on 31 December 1989.

Dividends

6 The directors recommend that no dividend be declared in respect of the year ended 31 December 1989.

Fixed assets

7 The changes in fixed assets during the year are set out in note 11 to the accounts. In the opinion of the directors the current open market value of the leasehold land and buildings and investment properties is not materially different to the amounts of £830,071 and £773,228 respectively at which they are included in the balance sheet at 31 December 1989.

Directors

8 The directors of the company at 31 December 1989, both of whom have been directors for the whole of the year ended on that date, were:-

Mr S Gibson (Chairman)
Mr M O'Neill (Managing Director)

9 On 1 January 1990 Mr T Jackson, Mr J G Trenholm and Mr D B Beattie were appointed as directors of the company.

10 In accordance with the Articles of Association, Mr M O'Neill, Mr T Jackson, Mr J G Trenholm and Mr D B Beattie retired and, being eligible, offer themselves for re-election.

Directors' interests in shares of the company

11 The interest of the directors of the company at 31 December 1989 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:-

Ordinary shares of £1 each

At 31 December
1988 and 1989

Mr S Gibson
Mr M O'Neill

Number

19,444

5,556

25,000

Close company status

12 In the opinion of the directors, the company is a close company within the terms of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year. The directors expect that no apportionment of income will be made under sections 423-430, Income and Corporation Taxes Act 1988.

Auditors

13 A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



T Jackson

Company Secretary

18 December 1990

Registered office

Brignell Road
Riverside Park Industrial Estate
Middlesbrough
Cleveland
TS2 1PS

REPORT OF THE AUDITORS TO THE MEMBERS OF

BULKHAUL LIMITED

1 We have audited the accounts on pages 4 to 23 in accordance with Auditing Standards except that the scope of our work was limited by the matter referred to below.

2 As set out in note 12 (d), the balance sheet includes an investment of £208,170 in Middlesbrough Football and Athletic Company (1986) Limited. The directors consider that no provision is required in these accounts against this investment. No recent accounts or alternative evidence has been made available to allow us to satisfy ourselves that this is the case. Accordingly we have not received all the information and explanations we required for the purposes of our audit.

3 Subject to the effect of any adjustment which may have been shown to be necessary in respect of the matter referred to in paragraph 2, in our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

MIDDLESBROUGH, 18 December 1990

COOPERS & LYBRAND DELOITTE
Chartered Accountants

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u>	<u>1988</u> (as restated see note 6 & 18)
		£	£
TURNOVER	2	8,876,997	7,247,132
PROFIT ON ORDINARY ACTIVITIES	3	343,892	554,911
SHARE OF PROFITS OF ASSOCIATED COMPANIES LESS DIVIDENDS RECEIVED	4	250,692	133,728
PROFIT BEFORE TAXATION		594,584	688,639
TAXATION: Group companies	9	(46,224)	-
Associated companies	4	(1,867)	(15,098)
RETAINED PROFIT FOR THE FINANCIAL YEAR		546,493	673,541

The notes on pages 9 to 23 form part of these accounts
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BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1989

		1989		1988 (as restated see notes 6 & 18)	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		233,560		-
Tangible assets	11		7,096,411		4,283,188
Investments	12		218,102		763,695
			<u>7,548,073</u>		<u>5,046,883</u>
CURRENT ASSETS					
Stock		28,978		20,733	
Debtors	13	1,775,382		1,767,626	
Cash at bank		55,681		7,529	
		<u>1,860,041</u>		<u>1,795,838</u>	
CREDITORS: amounts falling due within one year	14	5,036,115		2,648,834	
NET CURRENT LIABILITIES			<u>(3,176,074)</u>		<u>(852,946)</u>
Total assets less current liabilities			4,371,999		4,193,937
CREDITORS: amounts falling due after more than one year	15	2,227,894		2,179,998	
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	9	-		-	
ACCRUALS AND DEFERRED INCOME	16	31,549		47,713	
		<u>(2,259,443)</u>		<u>(2,227,711)</u>	
		<u>2,112,556</u>		<u>1,966,226</u>	
CAPITAL AND RESERVES					
Called up share capital	17		25,000		25,000
Profit and loss account	18		2,087,556		1,941,226
			<u>2,112,556</u>		<u>1,966,226</u>

These accounts were approved by the board of directors on 18 December 1990.



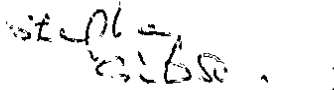

) Directors


The notes on pages 9 to 23 form part of these accounts
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BULKHAUL LIMITEDBALANCE SHEET - 31 DECEMBER 1989

		1989		1988 (as restated see notes 6 & 18)	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11		6,280,975		4,283,188
Investments	12		1,754,947		420,993
			<u>8,035,922</u>		<u>4,704,181</u>
CURRENT ASSETS					
Stock		28,978		20,733	
Debtors	13	2,146,237		1,767,626	
Cash at bank		43,005		7,529	
		<u>2,218,220</u>		<u>1,795,888</u>	
CREDITORS: amounts falling due within one year	14	5,855,138		2,648,834	
NET CURRENT LIABILITIES			<u>(3,636,918)</u>		<u>(852,946)</u>
Total assets less current liabilities			4,399,004		3,851,235
CREDITORS: amounts falling due after more than one year	15	2,200,206		2,179,998	
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	9	-		-	
ACCRUALS AND DEFERRED INCOME					
	16	31,549		47,713	
		<u>(2,231,755)</u>		<u>(2,227,711)</u>	
			<u>2,167,249</u>		<u>1,623,524</u>
CAPITAL AND RESERVES					
Called up share capital	17		25,000		25,000
Profit and loss account	18		2,142,249		1,598,524
			<u>2,167,249</u>		<u>1,623,524</u>

These accounts were approved by the board of directors on 18 December 1990.





) Directors

The notes on pages 9 to 23 form part of these accounts
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BULKHAUL LIMITED
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CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION
OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1989

	1989		1988	
	£	£	£	£
SOURCE OF FUNDS				
Profit before taxation		594,584		504,981
Adjustment for items not involving the movement of funds:				
Depreciation	426,193		493,796	
Amortisation of goodwill	6,488		-	
Profit on disposal of fixed assets	(8,921)		(23,671)	
Share of profits of associated companies	(250,692)		(133,728)	
Grant release	(36,702)		(73,728)	
Share of net assets of subsidiary already held at date of acquisition *	558,004		-	
		694,370		262,669
TOTAL FROM OPERATIONS		1,288,954		767,650
EXCHANGE ADJUSTMENTS		8,649		-
FUNDS FROM OTHER SOURCES				
Hire purchase finance received	728,664		651,564	
Disposal of tangible fixed assets	39,085		108,775	
Grants received	20,538		85,441	
Loans received	43,206		716,825	
		831,493		1,562,605
		2,129,096		2,330,255
APPLICATION OF FUNDS				
Purchase of tangible fixed assets *	2,949,996		1,938,760	
Purchase of goodwill of subsidiary *	227,760		-	
Purchase of goodwill on acquisition of subsidiary *	421,100		-	
Purchase of investments	83,170		239,400	
Corporation tax paid	10,566		-	
Repayment of loans	178,037		72,885	
Repayment of debentures	18,196		-	
		3,888,825		2,251,045
		(1,759,729)		79,210

BULKHAUL LIMITED
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CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1989

	1989		1988	
	£	£	£	£
(DECREASE)/INCREASE IN WORKING CAPITAL				
Stocks	8,245		14,314	
Debtors *	7,756		468,350	
Creditors falling due within one year excluding hire purchase, bank overdraft and taxation *	(1,729,312)		(150,655)	
		(1,713,311)		332,009
Movement in net liquid funds:				
Cash in hand *	48,152		6,904	
Bank overdraft *	(94,570)		(259,703)	
		(46,418)		(252,799)
		(1,759,729)		79,210

* Summary of the effects of the acquisition of Kieserling (UK) Limited

Net assets acquired at 31 August 1989	£
Fixed assets	808,815
Goodwill acquired	234,197
Debtors	896,427
Cash at bank	715,329
Creditors - amounts falling due within one year	(1,434,418)
Creditors - amounts falling due after more than one year	(83,446)
Less: 49% already held (see note 11(a))	1,136,904 (558,004)
Goodwill arising on acquisition	578,900 421,100
	1,000,000
Discharged by	
Increase in creditors	600,000
Cash paid	400,000
	1,000,000

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989

Principal accounting policies

1 The accounts are prepared in accordance with the historical cost convention. The following is a summary of the more important accounting policies used by the group:-

(a) Basis of consolidation

The consolidated accounts include the results of the company and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures related to external transactions only.

(b) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. During the year the group introduced residual values for certain of its fixed assets and amended their useful economic lives with effect from 1 January 1989 (see note 11). The principal annual rates and lives used for this purpose are:-

	<u>Estimated Useful Economic Life</u>	<u>Residual Value</u>
Land and buildings - workshop	25 years	NIL
- offices	40 years	NIL
Commercial vehicles	7 years	10% of Cost
Motor vehicles (see note below)	4 years	25% of cost
Tank containers	10 years	Estimated scrap value
Office equipment	5 years	NIL

Motor vehicles that are part of a limited edition and have an estimated residual value in excess of their cost are not depreciated.

(c) Goodwill

Goodwill, representing the excess of the purchase consideration of subsidiaries acquired over the fair value ascribed to the net tangible assets at the date of acquisition, is written off in full against reserves in the year of acquisition. (See note 18).

The purchased goodwill arising in subsidiaries is continuing to be written off over its expected useful economic life of 15 years from the date of acquisition.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989

(d) Deferred taxation

Provision is made for deferred taxation by the liability method at the rate of corporation tax at which timing differences are expected to reverse, except in respect of any tax reduction which can reasonably be expected to continue for the foreseeable future.

(e) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

The investment in the overseas subsidiaries and the related foreign currency borrowings are translated at the year end rate of exchange.

All other monetary liabilities and assets are translated at year end exchange rates and the resulting exchange differences are dealt with in the determination of the profit for the year.

(f) Hire purchase, finance and operating lease agreements

Assets obtained under hire purchase and finance leases are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the obligations is charged to the profit and loss account over the period of the hire or lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Turnover

2 Turnover represents net invoiced sales, excluding value added tax and intra-group sales, and is mainly attributable to European Markets.

Profit on ordinary activities before taxation

	1989	1988 (as restated see notes 6 & 18)
	<u>£</u>	<u>£</u>
Turnover	8,876,997	7,247,132
Cost of sales	(5,342,395)	(5,713,744)
Gross profit	<u>3,534,602</u>	<u>1,533,388</u>
Administration expenses	(2,785,413)	(783,519)
Operating profit (note 5)	<u>749,189</u>	<u>749,869</u>
Interest receivable	3,551	2,272
Other income	121,137	73,728
Interest payable and similar charges	<u>(227,629)</u>	<u>(105,204)</u>
Bank overdraft and loans	(302,356)	(165,754)
Hire purchase agreements	<u> </u>	<u> </u>
Profit on ordinary activities before taxation	<u><u>343,892</u></u>	<u><u>554,911</u></u>

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Share of profits of associated companies

4

	Kieserling (UK) Limited	Teesside Insurance Consultants Limited	Total
	£	£	£
Share to 31 August 1989 of:			
Profit before taxation	246,486	6,737	253,223
Dividends	-	(2,531)	(2,531)
	<u>246,486</u>	<u>4,206</u>	<u>250,692</u>
Taxation charge	-	(1,867)	(1,867)
	<u>246,486</u>	<u>2,339</u>	<u>248,825</u>

More detailed consolidated information for Kieserling (UK) Limited is as follows:-

	Period ended 31 August 1989	Year ended 31 December 1989	Year ended 31 December 1988
	£	£	£
Turnover	3,755,424	4,860,233	3,601,674
Depreciation charge	60,322	90,483	120,194
Profits before taxation	503,033	429,287	267,438

Operating profit

5 Operating profit is stated after charging/(crediting):-

	1989	1988 (as restated see notes 6 & 18)
	£	£
Auditors' remuneration	16,500	3,750
Hire of plant and machinery	320,767	103,652
Depreciation of tangible fixed assets (note 11)	420,694	310,138
Directors' remuneration (note 7)	139,963	125,401
Profit on sale of fixed assets	(8,921)	(23,671)
Amortisation of goodwill (note 10)	6,488	-

Prior year adjustment

6 With effect from 1 January 1989 the group introduced the residual values and amended the useful economic lives for certain of its fixed assets (see note 1(b) and 11). These changes resulted in a release of depreciation charged in earlier years amounting to £407,927, as shown in note 11.

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Directors' emoluments

7 Emoluments of the directors of the group, including pension contributions, were as follows:

	<u>1989</u> £	<u>1988</u> £
For management services	139,963	136,828

Particulars of directors' emoluments (excluding pension contributions), disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, are as follows:

	<u>1989</u> £	<u>1988</u> £
Emoluments of the chairman (1988 - also highest paid)	65,389	76,652
Emoluments of the highest paid director	66,274	-
Number of other directors whose emoluments were within the ranges:		
£50,001 to £55,000	-	1

Employee information

8 (a) The average number of persons employed by the group (including executive directors) during the year is analysed below:-

	<u>1989</u>	<u>1988</u>
Office and management	52	25
Selling and distribution	3	3
Drivers and mechanics	37	30
	92	58

(b) Employment costs of all employees included above:-

	<u>1989</u> £	<u>1988</u> £
Gross wages and salaries	905,487	702,782
Employer's national insurance contributions	84,233	43,074
Employer's pension contribution under the company pension scheme	28,527	17,973
	1,018,247	763,829

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Tax on profit on ordinary activities

9 The tax charge is based on the profit on ordinary activities for the year and comprises:-

	<u>1989</u>	<u>1988</u>
	£	£
Overseas taxation - current year	46,224	-
	<u>46,224</u>	<u>-</u>

On the basis of the group's planned capital expenditure over the next three years the amount of capital allowances in respect of eligible additions will exceed the charge for depreciation on existing and new assets on which allowances are claimed. In accordance with the accounting policy set out in note 1(d), deferred tax is not being provided in respect of such timing differences. The full potential liability for deferred tax at 31 December 1989 amounts to approximately £935,000 (1988 : £520,000).

Intangible fixed assets

10 Group

	<u>1989</u>	<u>1988</u>
	£	£
<u>Cost</u>		
At 1 January 1989	-	-
Inter group transfer	277,771	-
Exchange adjustment	14,178	-
	<u>291,949</u>	<u>-</u>
At 31 December 1989	<u>291,949</u>	<u>-</u>
<u>Amortisation</u>		
At 1 January 1989	-	-
Inter group transfer	50,011	-
Charge for year	6,488	-
Exchange adjustment	1,890	-
	<u>58,389</u>	<u>-</u>
At 31 December 1989	<u>58,389</u>	<u>-</u>
<u>Net book amount</u>		
At 31 December 1989	<u>233,560</u>	<u>-</u>

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Fixed assets

11 The changes in fixed assets during the year were as follows:-

(a) The group

	Long Leasehold Land & Buildings	Commercial Vehicles & Tanks	Motor Vehicles	Office Equipment & Sundry tools	Investment properties	Total
	£	£	£	£	£	£
Cost						
At 1 January 1989	773,860	3,312,320	350,979	379,980	-	4,817,139
Transfer from investments	-	-	-	-	239,400	239,400
From subsidiary companies at date of acquisition	-	1,010,169	19,623	104,937	-	1,134,729
Additions	99,357	1,241,923	164,927	101,146	533,828	2,141,181
Disposals	-	-	(65,470)	-	-	(65,470)
At 31 December 1989	873,217	5,564,412	470,059	586,063	773,228	8,266,979
Depreciation						
At 1 January 1989	18,483	705,544	52,642	85,025	-	861,694
Prior year adjustment (see note 9 and (a) below)	-	(385,675)	(19,324)	(2,928)	-	(407,927)
From subsidiary companies at date of acquisition	-	223,687	8,614	93,613	-	325,914
Charge for year	24,663	296,841	43,642	61,047	-	426,193
On disposals	-	-	(35,306)	-	-	(35,306)
At 31 December 1989	43,146	840,397	50,268	236,757	-	1,170,568
Net book value						
At 31 December 1989	830,071	4,724,015	419,791	349,306	773,228	7,096,411
At 31 December 1988	755,377	2,606,776	298,337	294,955	-	3,955,445

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Fixed assets - continued

- (i) As explained in note 6, with effect from 1 January 1989 the group introduced residual values and amended the useful economic lives for certain of its fixed assets. If depreciation had been charged on the same economic lives and residual values as in the previous year, the charge for the year would have been increased by £315,921.
- (ii) Included above at 31 December 1989 are the following assets which were held under hire purchase agreements:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net book value</u>
	£	£	£
Commercial vehicles and tanks	3,826,827	401,938	3,424,889
Motor vehicles	422,561	31,295	391,266
Office equipment and sundry tools	195,160	66,510	128,650
	<u>4,444,548</u>	<u>499,743</u>	<u>3,944,805</u>

- (iii) Motor vehicles with a total cost of £171,319 have not been depreciated as their residual value is estimated to be in excess of their cost.
- (iv) The investment properties have been valued by the directors at their estimated market value at 31 December 1989 which they consider to be not significantly different from their cost.

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Fixed assets - Continued

(b) The Company

	Long Leasehold Land & Buildings	Commercial Vehicles & Tanks	Motor Vehicles	Office Equipment & Sundry tools	Total
Cost	£	£	£	£	£
At 1 January 1989	773,860	3,312,320	350,979	379,980	4,817,139
Additions	99,357	1,241,923	136,451	87,837	1,565,568
Disposals	-	-	(65,470)	-	(65,470)
Inter group transfer	-	1,010,169	7,695	96,343	1,114,207
At 31 December 1989	873,217	5,564,412	429,655	564,160	7,431,444
Depreciation					
At 1 January 1989	18,483	705,544	52,642	85,025	861,694
Prior year adjustment (See note 9 and note (a) below)	-	(309,344)	(17,349)	(1,050)	(327,743)
Charge for year	24,662	302,026	36,360	57,646	420,694
On disposals	-	-	(35,306)	-	(35,306)
Inter group transfer	-	142,171	3,367	85,592	231,130
At 31 December 1989	43,145	840,397	39,714	227,213	1,150,469
Net book value					
At 31 December 1989	830,072	4,724,015	389,941	336,947	6,280,975
At 31 December 1988	755,377	2,606,776	298,337	294,955	3,955,445

(i) As explained in note 6, with effect from 1 January 1989 the group introduced residual values and amended the useful economic lives for certain of its fixed assets. If depreciation had been charged on the same economic lives and residual values as in the previous year the charge for the year would have been increased by £247,683.

(ii) Included above at 31 December 1989 are the following assets which were held under hire purchase agreements:

	Cost	Accumulated Depreciation	Net book value
	£	£	£
Commercial vehicles and tanks	3,826,827	401,938	3,424,889
Motor vehicles	422,561	31,295	391,266
Office equipment and sundry tools	195,160	66,510	128,650
	4,444,548	499,743	3,944,805

(iii) Motor vehicles with a total cost of £171,319 have not been depreciated as their residual value is estimated to be in excess of their cost.

BULKHAUL LIMITED
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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

12 Investments

<u>The Group</u>	<u>1989</u>	<u>1988</u>
	£	£
Investments are in companies incorporated in the United Kingdom unless otherwise stated		
Kieserling (UK) Limited (see (a) below) 49,000 ordinary shares of £1 each (representing 49% of ordinary shares) Investing company's share of net assets	-	391,702
Teesside Transport Services Limited (see (b) below) 750 ordinary shares of £1 each (representing 51% of ordinary shares) Cost of shares	51	51
Teesside Insurance Consultants Limited (see (c) below) 750 ordinary shares of 50p each (representing 37.5% of ordinary shares) Investing company's share of net assets	9,880	7,541
Middlesbrough Football & Athletic Company (1986) Limited (see (d) below) 125,000 ordinary shares of £1 each (representing 15.2% of ordinary shares) Cost of shares	208,170	125,000
Cancara Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	-	117,985
Holcroft Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	-	119,415
Mullet Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	-	1,000
Portadown Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	-	1,000
Other investment	218,101 1	763,694 1
	<u>218,102</u>	<u>763,695</u>

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Investments - Continued

<u>The Company</u>	<u>1989</u>	<u>1988</u>
	£	£
Investments are in companies incorporated in the United Kingdom unless otherwise stated		
Kieserling (UK) Limited (see (a) below) 100,000 ordinary shares of £1 each (1988 49,000) (representing 100% of ordinary shares) (1988 49%) Cost of shares less amounts written off	733,768	49,000
Teesside Transport Services Limited (see (b) below) 750 ordinary shares of £1 each (representing 51% of ordinary shares) Cost of shares	51	51
Teesside Insurance Consultants Limited (see (c) below) 750 ordinary shares of 50p each (representing 37.5% of ordinary shares) Investing company's share of net assets	9,880	7,541
Middlesbrough Football & Athletic Company (1986) Limited (see (d) below) 125,000 ordinary shares of £1 each (representing 15.2% of ordinary shares) Cost of shares	208,170	125,000
Cancara Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	258,170	117,985
Holcroft Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	256,427	119,415
Mullet Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	139,700	1,000
Portadown Limited (see (e) below) Deposit on purchase of shares (including 100% of ordinary shares)	118,931	1,000
Bulkhaul Belgium NV (see (f) below) B Fr 1,700,000 shares (representing 100% of shares)	29,849	-
	1,754,946	420,992
Other investment	1	1
	1,754,947	420,993

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

- (a) Kieserling (UK) Limited are specialised international hauliers.
- (b) Teesside Transport Services Limited has not yet commenced trading.
- (c) Teesside Insurance Consultants Limited are insurance brokers.
- (d) Middlesbrough Football and Athletic Company (1986) Limited operates Middlesbrough Football Club. During the year Bulkhaul Limited paid £83,170 in settlement of the company's proportion of a bond given to the creditors of the former owners of the business now carried on by that company. This amount has been added to the cost of this investment. The directors of Bulkhaul Limited consider that no provision is required in these accounts against this investment.
- (e) Cancara Limited and Holcroft Limited are both incorporated in Jersey, and each have an ordinary share capital of 9 fl ordinary shares. Mullet Limited and Portadown Limited are both incorporated in Gibraltar and each have an ordinary share capital of 1,000 fl ordinary shares. All of these companies are investment property holding companies. The cost of these investments comprises the purchase of their ordinary share capital at par and a deposit on unissued redeemable preference shares of fl each in the respective companies equal to the remaining value of the investment. The issue of these shares is awaiting approval by the appropriate authorities in the respective countries of incorporation.
- (f) Bulkhaul Belgium NV was incorporated on 1 March 1989 and commenced trading on that date in specialised international haulage.

13 Debtors

	<u>Group</u> £	<u>1989</u> Company £	<u>1988</u> £
Trade debtors	1,362,716	1,084,840	1,288,771
Other debtors (see (b) below)	327,273	275,931	103,649
Amounts due from subsidiary companies	-	707,958	214,242
Prepayments and accrued income	58,310	50,425	150,547
Recoverable advance corporation tax	-	-	10,417
Section 419 taxation recoverable	27,083	27,083	-
	<u>1,775,382</u>	<u>2,146,237</u>	<u>1,767,626</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

13 Debtors (continued)

- (a) All of the above amounts fall due within one year.
- (b) Other debtors include £81,250 of loans to Mr S Gibson (chairman) which have no specified terms of repayment and bear no interest. The maximum amount outstanding on the loans during the year was £81,250.

14 Creditors: amounts falling due within one year

	<u>1989</u>	<u>1988</u>
	<u>Group</u>	<u>Company</u>
	£	£
Bank overdraft (see (a) below)	360,454	358,971
Debenture loan (see (b) below)	17,436	17,436
Trade creditors	1,657,548	1,441,113
Amounts due to subsidiary companies	-	1,364,477
Other creditors including taxation and social security (see (c) below)	1,443,335	1,189,775
Accruals	930,259	556,283
Purchase of shares in subsidiary	600,000	600,000
Loans from subsidiary companies	-	300,000
Section 419 liability	27,083	27,083
	<u>5,036,115</u>	<u>5,855,138</u>
		<u>2,648,834</u>

- (a) The bank overdraft and loans are secured by a fixed charge over the company's land and buildings, investments and debts and a floating charge over the remaining assets of the company.
- (b) This loan is secured by a second floating charge over the company's assets, bears interest at an annualised rate of 9.8% and is repayable in quarterly instalments to 25 January 1991.
- (c) Included in other creditors including taxation and social security are the following amounts:-

	<u>1989</u>	<u>1988</u>
	<u>Group</u>	<u>Company</u>
	£	£
Hire purchase liability falling due within one year	1,277,299	1,034,347
Social security	185,790	62,042
Taxation	46,224	-
Advance corporation tax	-	-
		769,455
		59,131
		149
		10,417

BULKHAUL LIMITED
AND ITS SUBSIDIARY COMPANIES

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

15 Creditors: amounts falling due after more than one year

	<u>1989</u>		<u>1988</u>
	<u>Group</u>	<u>Company</u>	
	£	£	£
Hire purchase balances due after one year (see (a) below)	1,200,226	1,195,847	979,406
Long term loans (see (b) below)	500,000	500,000	678,037
Long term loan (see (c) below)	500,000	500,000	500,000
Debenture loan (see note 14 (b))	4,359	4,359	22,555
Bank loan	23,309	-	
	<u>2,227,894</u>	<u>2,200,206</u>	<u>2,179,998</u>

- (a) These amounts are all due within five years from the balance sheet date.
- (b) These loans bear interest at rates of approximately 2½% above the base lending rate of the National Westminster Bank Plc. They are secured by a debenture over all present and future property and assets of the company including goodwill and book debts and were repayable on 31 July 1993. Of this amount £500,000 is repayable on 31 July 1993 and the remainder due on demand.
- (c) This loan bears interest at the rate of 8.75% per annum. It is repayable by four equal annual instalments of £125,000 commencing on 31 January 1993 and is secured by a guarantee from the company's bankers secured on the same terms as the bank overdraft (see note 14(a)).
- (d) The security for each of the long term loans described in (b) and (c) above rank pari passu with each other.
- (e) An analysis of the above balance by date of repayment is set out below:-

	<u>Group</u>	<u>Company</u>
	£	£
Repayable between 1 and 2 years	896,152	868,464
Repayable between 2 and 5 years	1,081,742	1,073,678
Repayable after 5 years	250,000	250,000
	<u>2,227,894</u>	<u>2,200,206</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Accruals and deferred income

16 A summary of the movements on the grant reserve during the year is given below:-

	Group and Company 1989	1988
	£	£
At 1 January 1989	47,713	36,000
Capital grants received/receivable	20,538	35,569
Released to revenue	(36,702)	(23,856)
At 31 December 1989	<u>31,549</u>	<u>47,713</u>

As stated in note 1 (b), capital based grants received and receivable are credited to a grant reserve and released to revenue over three years. This is not in accordance with Statement of Standard Accounting Practice No 4. If the accounts had been prepared in accordance with this standard the amount released to revenue for the year would have been approximately £2,000 (1988 : £2,000).

17 Share Capital

	Group and Company 1989 and 1988
Authorised - Ordinary £1 shares	<u>25,000</u>
Issued - Ordinary £1 shares	<u>25,000</u>

Profit and loss account

18 In accordance with the exemption allowed by section 228(7) of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was £543,725.

Movements in retained profits are as follows:-

	Group	Company
	£	£
At 1 January 1989	1,533,299	1,270,781
Prior year adjustment	407,927	327,743
	<u>1,941,226</u>	<u>1,598,524</u>
Retained profit for the year	546,493	543,725
Goodwill written off on acquisition of subsidiaries	(421,100)	-
Exchange adjustment	20,937	-
At 31 December 1989	<u>2,087,556</u>	<u>2,142,249</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1989 - Continued

Transactions with associated company

19 Prior to 1 September 1989, the company entered into a number of transactions with Kieserling (UK) Limited. Freight, management and office services were sold to Kieserling (UK) Limited to the value of £306,112. Freight services purchased from Kieserling (UK) Limited totalled £107,363.

Contingencies and commitments

20(a) At 31 December 1989 no capital expenditure had been contracted for or authorised by the group. (1988 : £63,000 contracted for).

(b) The group has received financial assistance under government grant aid schemes. Under the conditions of the schemes, the group may be liable to repay some or all of the grants received should it fail to comply with the terms and conditions laid down. The directors are of the opinion that no such liability will arise and accordingly no provision has been made in these accounts for any such liability.

Pension commitments

21 The group operates a self administered pension scheme. The group has no liability other than to pay the employers contributions to this scheme.

Principal trading subsidiaries

22 At 31 December 1989 the principal trading subsidiaries were as follows:-

Kieserling America Corporation

Kieserling Tank Container Services GmbH

Bulkhaul Belgium NV.