

R. G.

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BULKHAUL LIMITED

MODIFIED ACCOUNTS
for the eyar ended
31 DECEMBER 1987

COMPANIES

2 APR 1989

M

Coopers
& Lybrand

BULKHAUL LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1987

1 The directors present herewith the audited accounts for the year ended 31 December 1987.

Results and principal activities

2 The profit and loss account for the year is set out on page 4. The principal activity of the company continues to be specialised international haulage. From January 1988 the company also began to carry out its own tank repairs in a workshop constructed on premises acquired in Middlesbrough.

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.

Dividends

4 The directors recommend that no dividend be declared in respect of the year ended 31 December 1987.

Fixed assets

5 The changes in fixed assets during the year are set out in note 11 to the accounts.

Directors

6 The directors of the company at 31 December 1987, both of whom have been directors for the whole of the year ended on that date, were:-

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

On 3 September 1987 Mr R D Bettley, who was a director at 31 December 1986, resigned from office. The company agreed to pay Mr R D Bettley the sum of £100,000 being made up as follows:-

	£
Payment for shares	90,000
Ex gratia payment	2,500
Contribution towards legal fees	7,500
	<hr/>
	100,000
	<hr/>

On 5 April 1988 Mr S Gibson resigned as company secretary and Mr T Jackson was appointed in his place.

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7 In accordance with the Articles of Association, Mr M O'Neill retires by rotation and, being eligible, offers himself for re-election.

Directors' interests in shares of the company

8 The interest of the directors of the company at 31 December 1987 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:

<u>Ordinary shares of £1 each</u>		
	<u>At 31 December 1987</u>	<u>At 31 December 1986</u>
	<u>Number</u>	<u>Number</u>
Mr S Gibson	19,444	1,400
Mr M O'Neill	5,556	400
Mr R D Bettley	-	200


Close company status

9 In the opinion of the directors, the company is a close company within the terms of the Income and Corporation Taxes Act 1970. The directors expect that no apportionment of income will be made under Schedule 16, Finance Act 1972, as amended.

Auditors

10 Keith Robinson & Co retired as auditors on 2 March 1988 and Coopers & Lybrand were appointed in their place on that date.

BY ORDER OF THE BOARD


T Jackson

14 April 1989

Company Secretary

Registered office

Brignell Road
Riverside Industrial Park Industrial Estate
Middlesbrough
Cleveland
TS2 1PS

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REPORT OF THE AUDITORS TO THE DIRECTORS OF

BULKHAUL LIMITED

1 In our opinion:

- (a) you are entitled to deliver modified accounts for the year ended 31 December 1987 on the grounds that the company is entitled to the benefit of Sections 247 to 249, Companies Act 1985 as a medium sized company;
- (b) the attached modified accounts set out on pages 4 to 16 are properly prepared in accordance with Schedule 8 to the Companies Act 1985.

We are not required to express an audit opinion on these modified accounts.

2 We reported, as auditors of Bulkhaul Limited, to the members on 14 April 1989 under Section 236, Companies Act 1985 on the group's accounts for the year ended 31 December 1987 as follows:-

3 We have audited the accounts on pages 4 to 16 in accordance with approved Auditing Standards except that the scope of our work was limited by the matter referred to below.

4 As set out in note 12, included in the balance sheet is an investment of £125,000 being the cost of 125,000 £1 ordinary shares in Middlesbrough Football and Athletic Company (1986) Limited. The directors consider the value of this investment to be in excess of its cost. However, no financial statements or alternative evidence has been made available to allow us to satisfy ourselves as to the carrying value of this investment, and accordingly as to whether any related provision is required in these accounts.

5 Subject to the effect of any adjustment which may have been shown to be necessary in respect of the matter referred to in paragraph 4, in our opinion the accounts give a true and fair view of the company's state of affairs at 31 December 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants

MIDDLESBROUGH, 14 April 1989

BULKHAUL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1987

(MODIFIED IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT 1985)

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
PROFIT ON ORDINARY ACTIVITIES	2	434,264	141,484
SHARE OF PROFITS OF ASSOCIATED COMPANIES	3	99,711	16,771
PROFIT BEFORE TAXATION		533,975	158,255
TAXATION: The Company	8	—	(3,234)
Associated Companies	3	(24,303)	11,740
RETAINED PROFIT FOR THE YEAR		509,672	166,761

STATEMENT OF RETAINED RESERVES

RESERVES AT 1 JANUARY:			
as previously reported		654,574	498,150
prior year adjustment	9	7,731	(12,530)
as restated		662,305	485,620
SHARE OF EXCHANGE ADJUSTMENTS OF RELATED COMPANY		(6,648)	9,924
WRITE DOWN OF INVESTMENT	10	(4,454)	—
REDEMPTION OF SHARES		(89,800)	—
BONUS ISSUE OF SHARES		(23,200)	—
RETAINED PROFIT FOR THE YEAR		509,672	166,761
RESERVES AT 31 DECEMBER		1,047,875	662,305

The notes on pages 7 to 16 form part of these accounts.
Report of the Auditors' to the Directors page 3

BULKHAUL LIMITED

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BALANCE SHEET - 31 DECEMBER 1987

	<u>Notes</u>	<u>1987</u>		<u>1986</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		2,595,585		1,362,121
Investments	12		329,940		265,633
			<u>2,925,525</u>		<u>1,627,754</u>
CURRENT ASSETS					
Debtors	13	1,305,695		693,703	
Cash at bank		625		15,337	
		<u>1,306,320</u>		<u>709,040</u>	
CREDITORS: amounts falling due within one year	14	2,045,655		1,243,054	
NET CURRENT LIABILITIES			<u>(739,335)</u>		<u>(534,014)</u>
Total assets less current liabilities			2,186,190		1,093,740
CREDITORS: amounts falling due after more than one year	15	1,077,315		429,435	
ACCRUALS AND DEFERRED INCOME	16	36,000		-	
			<u>(1,113,315)</u>		<u>(429,435)</u>
			<u>1,072,875</u>		<u>664,305</u>
CAPITAL AND RESERVES					
Called up share capital	17		25,000		2,000
Profit and loss account			1,047,875		662,305
			<u>1,072,875</u>		<u>664,305</u>

In preparing these modified accounts we have relied upon the exemptions for individual accounts, contained in Sections 247 to 249, Companies Act 1985.

We have done so on the grounds that the company is entitled to the benefits of these exemptions, as a medium sized company.

Mr S Gibson) S. Gibson.
Mr M O'Neill) Directors
) M. O'Neill

The notes on pages 7 to 16 form part of these accounts
Report of the Auditors' to the Directors page 3

STATEMENT OF SOURCE AND APPLICATION
OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1987

	1987		1986
	£	£	
SOURCE OF FUNDS			
Profit before taxation		533,975	158,255
Adjustment for items not involving the movement of funds:			
Depreciation	232,496		141,094
Profit on disposal of fixed assets	(404)		(1,908)
Profits retained in associated companies	(99,711)		(16,771)
Grants receivable	(128,000)		(12,000)
		4,381	110,415
TOTAL FROM OPERATIONS		538,356	268,670
FUNDS FROM OTHER SOURCES			
Long term hire purchase finance received	213,089		31,132
Short term hire purchase finance received	178,666		-
Bank loan	-		65,209
Other long term loan	500,000		-
Disposal of tangible fixed assets	18,522		52,184
Grants received	164,000		12,000
		1,074,277	160,525
		1,612,633	429,195
APPLICATION OF FUNDS			
Purchase of tangible fixed assets	1,484,078		650,103
Purchase of investments	-		176,601
Corporation tax paid	173		3,000
Repayment of bank loan	65,209		-
Purchase of shares	90,000		-
		(1,639,460)	(829,704)
		(26,827)	(400,509)
DECREASE IN WORKING CAPITAL			
Debtors	611,992		(187,128)
Creditors falling due within one year excluding bank overdraft and taxation	(617,926)		(71,252)
		5,934	(258,380)
Movement in net liquid funds:			
Cash in hand	(14,712)		161
Bank overdraft	(6,181)		(142,290)
		(20,893)	(142,129)
		(26,827)	(400,509)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987Principal 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 company.

(a) Depreciation

Depreciation has been 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. The principal rates used for this purpose, which are consistent with those of last year, are:-

	%
Motor vehicles	25
Office equipment and commercial vehicles	20
Tanks	10
Leasehold buildings	2 - 4
Leasehold land	over the remaining period of the lease

(b) Government grants

Revenue based government grants are credited to revenue in the period in which they were earned. Capital based grants are credited to a grant reserve and released to revenue over three years. This is not in accordance with Statement of Standard Accounting Practice Number Four which states that capital based grants should be released to revenue over the expected useful lives of the assets (see note 16).

(c) Hire purchase agreements

Assets obtained on hire purchase are capitalised on commencement of the agreement and are depreciated over their estimated useful lives. Obligations for future repayments are shown as liabilities in the balance sheet.

(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 future.

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Principal accounting policies - Continued

(e) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

(f) Associated companies

The results of associated companies are incorporated in the accounts using the equity method.

Profit on ordinary activities

2	<u>1987</u>	<u>1986</u>
	£	£
Gross profit	931,920	614,363
Administration expenses	(538,762)	(413,224)
Operating profit (note 4)	393,158	201,139
Interest receivable	6,629	8,956
Grants receivable (note 5)	128,000	12,000
Interest payable and similar charges		
Bank overdraft and loans	(25,005)	(1,209)
Hire purchase agreements	(68,518)	(79,402)
Profit on ordinary activities	<u>434,264</u>	<u>141,484</u>

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Share of profits of associated companies

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	Keiserling (UK) Limited	Teesside Insurance Consultants Limited	Total
	£	£	£
Share of profit before taxation	95,284	4,427	99,711
Share of taxation charge	(23,073)	(1,230)	(24,303)

Operating profit

4 Operating profit is stated after charging:-

	1987	1986
	£	£
Auditors' remuneration	3,000	3,577
Hire of plant and machinery	47,290	58,496
Depreciation of tangible fixed assets	232,496	141,094
Directors' remuneration (note 6)	124,183	86,598

Grants receivable

5 Grants receivable is made up as follows:-

	1987	1986
	£	£
Grants receivable under Regional Selective Assistance Scheme	80,000	-
Revenue based Regional Development Grants receivable	48,000	12,000
	<u>128,000</u>	<u>12,000</u>

Directors' emoluments

6 Emoluments of the directors of the company, including pension contributions, were as follows:

	1987	1986
	£	£
For management services	124,183	86,598

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Directors' emoluments - continued

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>1987</u>	<u>1986</u>
	£	£
Emoluments of the chairman who is the highest paid director	74,258	49,121
Number of other directors whose emoluments were within the ranges:		
£0 to £ 5,000	1	1
£30,001 to £35,000	-	1
£45,001 to £50,000	1	-

Employee information

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

	<u>1987</u>	<u>1986</u>
Office and management	14	11
Selling and distribution	3	-
Drivers and mechanics	7	-
	<u>24</u>	<u>11</u>

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

	<u>1987</u>	<u>1986</u>
	£	£
Gross wages and salaries	262,563	179,507
Employer's national insurance contributions	26,781	17,235
Employer's pension contribution under the company pension scheme	6,385	5,822
	<u>295,729</u>	<u>202,564</u>

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Tax on profit on ordinary activities

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

	<u>1987</u>	<u>1986</u>
	£	£
UK Corporation tax (1986 : 30%)	-	3,234
	-	3,234
	<u> </u>	<u> </u>

The company's plans over the next three years show that the amount of capital allowances in respect of eligible additions to assets in which it is proposed to invest, 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 1987 amounts to approximately £380,000 (1986 : £210,000).

9 Prior year adjustment

	<u>1987</u>	<u>1986</u>
	£	£
Write back of invoice provisions no longer required (see (a) below)	20,857	-
Final settlement arising on purchase of assets from Nick Brown Trucking Limited (see (b) below)	(13,126)	-
Hire purchase interest	-	(15,788)
Attributable taxation	-	3,258
	<u>7,731</u>	<u>(12,530)</u>

- (a) During the year, the company changed its policy on creditor balances to one of only maintaining uncleared purchase invoice provisions for a period of 12 months. The £20,857 is that portion of the provisions which relates to prior years, and which has been written back against brought forward reserves. In the opinion of the directors this release of provision is appropriate.

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Prior year adjustment - continued

- (b) During the year ended 31 December 1986 the company purchased certain assets from Nick Brown Trucking Limited. The consideration for these assets was the satisfaction of a loan outstanding at 31 December 1986 plus a final settlement, calculated to bring the total consideration to the fair value of the assets concerned. The final element of the purchase settlement was not executed until 1987. The directors believe that in order for the accounts to show a true and fair view, all of the costs of the purchase should be included in 1986. The final settlement of £13,126 has therefore been included as a prior year adjustment.

Write down of investment

- 10 At 31 December 1987 the cost of Bulkhaul Limited's investment in Teesside Insurance Consultants Limited exceeded its share of net assets by £4,454. The investment has therefore been written down to reflect its carrying value.

Fixed assets

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

	Leasehold land & buildings	Motor vehicles	Commercial vehicles & tanks	Office equipment & sundry tools	Total
	£	£	£	£	£
Cost					
At 1 January 1987	23,846	110,496	1,349,376	78,183	1,561,901
Additions	519,105	54,496	743,855	166,622	1,484,078
Disposals	-	(25,256)	(1,101)	(972)	(27,329)
At 31 December 1987	542,951	139,736	2,092,130	243,833	3,018,650
Depreciation					
At 1 January 1987	550	14,408	165,569	19,253	199,780
Charge for year	-	32,323	183,487	16,686	232,496
Disposals	-	(9,211)	-	-	(9,211)
At 31 December 1987	550	37,520	349,056	35,939	423,065
Net book value					
At 31 December 1987	542,401	102,216	1,743,074	207,894	2,595,585
At 31 December 1986	23,296	96,088	1,183,807	58,930	1,362,121

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Fixed assets - continued

At 31 December 1987 the following assets were held under hire purchase agreements:

	Cost	Accumulated Depreciation	Net book value
	£	£	£
Commercial vehicles and tanks	1,777,032	248,291	1,528,741
Motor vehicles	131,310	35,940	95,370
	<u>1,908,342</u>	<u>284,231</u>	<u>1,624,111</u>

Investments

12	1987	1986
	£	£
Investments in related companies:		
Kieserling (UK) Limited		
49,000 ordinary shares of £1 each (representing 49% of ordinary shares)		
Investing company's share of net assets	198,645	133,081
Teesside Transport Services Limited		
750 ordinary shares of £1 each (representing 51% of ordinary shares)		
Cost of shares	51	51
Teesside Insurance Consultants Limited		
750 ordinary shares of 50p each (representing 37.5% of ordinary shares)		
Investing company's share of net assets	6,243	7,500
Middlesbrough Football and Athletic Company (1986) Limited		
125,000 ordinary shares of £1 each (representing 15.2% of ordinary shares)		
Cost of shares	125,000	125,000
	<u>329,939</u>	<u>265,632</u>
Other investment	1	1
	<u>329,940</u>	<u>265,633</u>

Kieserling (UK) Limited are specialised international hauliers.

Teesside Transport Services Limited has not yet commenced trading.
Teesside Insurance Consultants Limited are insurance brokers..

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Investments - continued

Middlesbrough Football and Athletic Company (1986) Limited operates Middlesbrough Football Club. The company commenced trading during the year ended 31 December 1986. The directors of Bulkhaul Limited consider the value of the investment to be in excess of cost.

Debtors

13	1987	1986
	£	£
Trade debtors	918,530	555,178
Other debtors (see (a) below)	146,339	82,391
Prepayments and accrued income	240,826	56,134
	<u>1,305,695</u>	<u>693,703</u>

Other debtors includes a £15,000 quasi-loan to Mr S Gibson (Managing Director) which has no specified terms of repayment and bears no interest. The maximum amount outstanding on the loan during the year was £15,000.

Creditors: amounts falling due within one year

14	1987	1986
	£	£
Bank overdraft	6,181	-
Bank loan (see (a) below)	72,885	33,000
Trade creditors	806,980	658,528
Other creditors including taxation and social security (see (b) below)	614,524	377,843
Accruals	545,085	181,414
	<u>2,045,655</u>	<u>1,250,785</u>

- (a) At 31 December 1987, Yorkshire Bank Plc held a fixed and floating charge over the assets of the company as security for the bank loan and overdraft in existence at that date. Subsequent to the year end, the company changed its bankers to Lloyds Bank Plc. The loan to Yorkshire Bank Plc was repaid and the charge over the assets fully satisfied. A debenture dated 7 January 1988 in favour of Lloyds Bank Plc was created over the assets of the company.

BULKHAUL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - Continued

Creditors: amounts falling due within one year - continued

- (b) Included in other creditors including taxation and social security are the following amounts:-

	<u>1987</u>	<u>1986</u>
	£	£
Hire purchase liability falling due within one year	519,982	341,316
Social security	76,956	36,354
Taxation	-	173

Creditors: amounts falling due after more than one year

	<u>1987</u>	<u>1986</u>
	£	£
Hire purchase amounts due after more than one year (see (a) below)	577,315	364,226
Long term loan (see (b) below)	500,000	-
Bank loan	-	65,209
	<u>1,077,315</u>	<u>429,435</u>

- (a) This amount falls due between two to five years from the balance sheet date.
- (b) The long term loan is provided by Singer and Friedlander Limited and bears interest at the rate of 2½% above the base lending rate of the National Westminster Bank Plc. The loan is secured by a debenture over all present and future property and assets of the company including goodwill and book debts.

Accruals and deferred income

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

	<u>1987</u>	<u>1986</u>
	£	£
At 1 January	-	-
Grant receivable	36,000	-
Released to revenue	-	-
At 31 December	<u>36,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 1987 - ContinuedShare Capital

17	1987	1986
	<u> </u>	<u> </u>
Authorised - Ordinary £1 shares	25,000	15,000
	<u> </u>	<u> </u>
Issued - Ordinary £1 shares	25,000	2,000
	<u> </u>	<u> </u>

On 3rd September 1987, the company purchased 200 of its own shares from a former director, Mr R D Bettley, at a cost of £90,000.

On 21st November 1987 the company increased its authorised share capital to 25,000 and made a bonus issue of 23,200 shares, being 116 shares for every 9 held.

Contingencies and commitments

- 18 a) At 31 December 1987 the following capital expenditure had been contracted for by the company.

	£
Commercial vehicles, trailers and tanks	469,236
Land	63,000
	<u> </u>
	532,236
	<u> </u>

- b) The company has received financial assistance under governmental grants and schemes. Under the conditions of this assistance, the company may be liable to repay some or all of the amounts 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 is required in these accounts.
- c) On 28 March 1989 the company entered into a lease agreement expiring in 2114 for premises in Middlesbrough for a premium of £70,000 and a peppercorn rent.