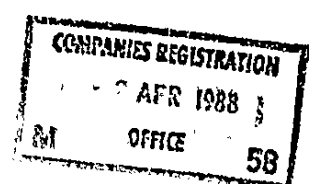


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BULKHAUL LIMITED

MODIFIED ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1986



BULKHAUL LIMITED

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## BULKHAUL LIMITED

## REPORT OF THE DIRECTORS

The directors present their report on the accounts of the company for the year ended 31 December 1986.

## PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was specialised international haulage.

## REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 4 of the accounts.

Due to the international nature of the business the company has exposure to fluctuations in foreign currency exchange rates.

As a result of the decrease in value of sterling against most foreign currencies during 1986 the results of the company were significantly affected by foreign currency losses.

The directors have now taken action to limit foreign currency exposure and in other respects consider the results to be encouraging.

Adequate finance has been obtained to take advantage of business opportunities and future development. The directors consider the state of affairs to be satisfactory.

## DIVIDENDS

The directors recommend that no dividend be paid and the profit of £159,030 has been transferred to reserves.

## FUTURE DEVELOPMENTS

The company intends to construct a workshop and office complex on land to be acquired in Middlesbrough and to diversify its business activities.

The company intends to continue to implement its policy of tank purchase in order to reduce tank hire costs and improve profitability.

## DIRECTORS

The directors in office in the year and their beneficial interests in the issued ordinary share capital were as follows:

|             | 31 December 1985 | 31 December 1986 |
|-------------|------------------|------------------|
| S Gibson    | 1,400            | 1,400            |
| R D Bettley | 200              | 200              |
| M O'Neill   | 400              | 400              |

In accordance with the articles of association, Mr S Gibson retires and offers himself for re-election.

## FIXED ASSETS

Acquisitions of fixed assets during the period are recorded in the notes to the accounts.

BULKHAUL LIMITED

REPORT OF THE DIRECTORS. (Cont.)

AUDITORS

The auditors, Keith Robinson & Co will not be proposed for re-appointment.

By order of the board

*Staple*  
*C. D. D.*

Secretary

REPORT OF THE AUDITORS TO THE DIRECTORS OF BULKHAUL LIMITED

UNDER SCHEDULE 8 (para 10) OF THE COMPANIES ACT 1985

We have examined the modified accounts set out on pages 4 to 12, which have been properly prepared in accordance with Section 247 of the Companies Act 1985. In our opinion, the company satisfies the requirements of Section 248 of the Companies Act 1985 for exemption as a medium-sized company for the year ended 31 December 1986.

As auditors of Bulkhaul Limited, on 2 March 1988 we reported to the members on the financial statements of the company prepared under Section 239 of the Companies Act 1985 for the year ended 31 December 1986 as follows:

"We have audited the financial statements on pages 4 to 15. Our audit was conducted in accordance with approved Auditing Standards.

Included in investments in the balance sheet is £125,000 in respect of 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 but since no financial statements of Middlesbrough Football and Athletic Company (1986) Limited were available and no other evidence as to the value of the investment could be obtained, we have been unable to verify the value of this investment.

In common with many businesses of similar size and organisation the company's system of control is dependent upon the close involvement of the directors, who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of the company's affairs at 31 December 1986 and of its profits and source and application of funds for the year then ended and comply with the Companies Act 1985."

*Keith Robinson & Co*

30 March 1988

4 Woodlands Road  
Middlesbrough  
Cleveland  
TS1 3BE

## BULKHAUL LIMITED

MODIFIED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31 DECEMBER 1986

| 31 December 1985 |  | Notes | £        | £         |
|------------------|--|-------|----------|-----------|
| £                | £  |       |          |           |
| 687,843          | GROSS PROFIT                                     |       |          |           |
| 369,469          | Administration expenses                          |       |          | 606,632   |
|                  |  |       |          | 413,224   |
| 318,374          | OPERATING PROFIT                                 | 2     |          |           |
| 35,150           | Interest payable                                 |       |          | 193,408   |
| (11,844)         | Other income                                     |       |          | 80,611    |
|                  |  |       |          | (20,956)  |
| 295,068          | PROFIT ON ORDINARY ACTIVITIES                    |       |          |           |
|                  | Share of profits of related company              |       |          | 133,753   |
| 40,152           |  |       |          |           |
| 335,220          | PROFIT BEFORE TAXATION                           |       |          | 16,771    |
|                  |  |       |          | 150,524   |
| 3,197            | TAXATION: Investing company                      | 5     | 3,234    |           |
| 12,461           | Related company                                  |       | (11,740) |           |
|                  |  |       |          | (8,506)   |
| 15,658           | RETAINED PROFIT FOR THE FINANCIAL YEAR           |       |          |           |
| £ 319,562        |  |       |          | £ 159,030 |
|                  | STATEMENT OF RETAINED PROFITS/RESERVES           |       |          |           |
| 291,871          | Retained profit for the year:                    |       |          |           |
| 27,691           | In the investing company                         |       |          | 130,519   |
|                  | In the related company                           |       |          | 28,511    |
| 319,562          |  |       |          | 159,030   |
|                  | Revenue reserves at 1 January:                   |       |          |           |
| 148,588          | As previously reported:                          |       |          |           |
| 17,955           | In the investing company                         |       | 452,504  |           |
|                  | In the related company                           |       | 45,646   |           |
| 166,543          |  |       | 498,150  |           |
| 3,743            | Prior year adjustment                            |       | 12,530   |           |
| 162,800          | As restated                                      |       | 485,620  |           |
|                  | Share of exchange adjustments of related company |       | 9,924    |           |
| 162,800          |  |       |          | 495,544   |
| £ 482,361        | Revenue reserves at 31 December                  |       |          | £ 654,574 |

The notes on pages 6 to 12 form part of these accounts.

## MODIFIED BALANCE SHEET AT 31 DECEMBER 1986

| 31 December 1985 |   | Notes | £                | £              |
|------------------|---|-------|------------------|----------------|
| £                | £   |       |                  |                |
| 903,388          | FIXED ASSETS                                    |       |                  |                |
| 50,597           | Tangible assets                                 | 6     |                  | 1,362,121      |
| <u>953,985</u>   | Investments                                     | 7     |                  | <u>265,633</u> |
|                  |   |       |                  | 1,627,754      |
|                  | CURRENT ASSETS                                  |       |                  |                |
| 601,165          | Trade debtors                                   |       | 555,178          |                |
| 238,559          | Other debtors                                   | 8     | 82,391           |                |
| 41,107           | Prepayments                                     |       | 56,134           |                |
| 124,466          | Cash at bank and in hand                        |       | 15,337           |                |
| <u>1,005,297</u> |   |       | <u>709,040</u>   |                |
|                  | CREDITORS- amounts falling due within one year: |       |                  |                |
| -                | Bank loan                                       | 9     | 33,000           |                |
| 735,045          | Trade creditors                                 |       | 658,528          |                |
| 218,194          | Hire purchase                                   |       | 341,316          |                |
| 150,747          | Accruals  |       | 181,414          |                |
| 37,840           | Social Security and other taxes                 |       | 36,527           |                |
| <u>1,141,826</u> |   |       | <u>1,250,785</u> |                |
| (136,529)        | NET CURRENT LIABILITIES                         |       |                  | (541,745)      |
| 817,456          | TOTAL ASSETS LESS CURRENT LIABILITIES           |       |                  | 1,086,009      |
|                  | CREDITORS - amounts falling due after one year: |       |                  |                |
| -                | Bank loan                                       | 9     | 65,209           |                |
| 333,094          | Hire purchase                                   |       | 364,226          |                |
| <u>333,094</u>   |   |       | <u>429,435</u>   |                |
| £484,362         |   |       |                  | £ 656,574      |
|                  | CAPITAL AND RESERVES                            |       |                  |                |
| 2,000            | Called up share capital                         | 10    | 2,000            |                |
| 482,362          | Profit and loss account                         |       | 654,574          |                |
| <u>£484,362</u>  |   |       | <u>£ 656,574</u> |                |

In preparing these modified accounts we have relied upon the exemptions for individual accounts provided by Sections 247 to 249 of the Companies Act 1985 and we have done so on the ground that the company is entitled to the benefit of those exemptions as a medium-sized company.

.....*Stephen E. Khan*.....  
 .....*M. O. Neill*..... DIRECTORS

Approved by the board on 2... March... 1988

The notes on pages 6 to 12 form part of these accounts.

# BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986

### 1 ACCOUNTING POLICIES

#### (a) Basis of accounting

The accounts have been prepared under the historical cost convention.

#### (b) Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

#### (c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

|                        |  |
|------------------------|--|
| Motor vehicles         | - 25% on cost                            |
| Office equipment       | - 20% on cost                            |
| Tanks                  | - 10% on cost                            |
| Leasehold improvements | - Over the remaining period of the lease |

#### (d) Deferred taxation

Provision is made at current rates under the liability method for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

#### (e) Foreign currencies

Transactions during the year in foreign currencies are translated into sterling at an average rate which approximates to the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Assets and liabilities at the balance sheet date are translated at the rate ruling on that date.

#### (f) Hire purchase agreements

Assets obtained on hire purchase are capitalised on commencement of the agreement and are depreciated over their estimated useful lives.

The obligations for future repayments are shown as liabilities. The interest charges within the agreements are written off to the Profit and Loss Account by the rule of 78 method.

A prior year adjustment has been made for this change of policy.

#### (g) Associated companies

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



## BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 2 OPERATING PROFIT

The operating profit is stated after charging:

|                        | 1986              | 1985              |
|------------------------|-------------------|-------------------|
|                        | £                 | £                 |
| Depreciation           | 141,094           | 71,209            |
| Hire of plant          | 58,496            | 86,488            |
| Auditors' remuneration | 3,577             | 2,050             |
|                        | <u>          </u> | <u>          </u> |

## 3 DIRECTORS' REMUNERATION

The directors' remuneration of £83,742 (1985 £96,762) was all due in respect of services as directors and includes pension contributions of £2,856 (1985 £2,292).

The directors received remuneration within the following brackets:

|                 | 1986 | 1985 |
|-----------------|------|------|
| 0 - 5,000       | 1    | 1    |
| 30,001 - 35,000 | 1    | 1    |
| 45,001 - 50,000 | 1    | -    |
| 55,001 - 60,000 | -    | 1    |

The Chairman's remuneration was £49,121 (1985 £59,526).

The Chairman was also the highest paid director.

## 4 STAFF COSTS

Staff costs (including directors) were as follows:

|                       | 1986              | 1985              |
|-----------------------|-------------------|-------------------|
|                       | £                 | £                 |
| Salaries              | 179,507           | 168,968           |
| Social Security costs | 17,235            | 13,063            |
| Pension costs         | 5,822             | 7,223             |
|                       | <u>          </u> | <u>          </u> |
|                       | £202,564          | £189,254          |

The average weekly number of employees during the period (including directors) was as follows:

|                       | 1986 | 1985 |
|-----------------------|------|------|
| Office and management | 11   | 11   |

## 5 TAXATION

The tax charge on the profit on ordinary activities of the year was as follows:

|  | 1986              | 1985              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Corporation tax at 30% based on the adjusted profit for the year | £ 3,234           | £ 3,197           |
|  | <u>          </u> | <u>          </u> |

No provision has been made in the accounts for deferred taxation since the policy of continued investment in premises, plant and equipment adopted by the directors makes it unlikely that any such liability will arise in the foreseeable future.

## BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 6 TANGIBLE FIXED ASSETS

|                       | Motor<br>vehicles<br>£ | Commercial<br>vehicles<br>£ | Tanks<br>£        | Sundry<br>tools +<br>equip-<br>ment<br>£ | Office<br>equip-<br>ment<br>£ | Leasehold<br>improve-<br>ments<br>£ | Total<br>£        |
|-----------------------|------------------------|-----------------------------|-------------------|--|-------------------------------|-------------------------------------|-------------------|
| <b>COST</b>           |                        |                             |                   |  |                               |                                     |                   |
| At 1 January 1986     | 83,055                 | -                           | 865,582           | -  | 40,911                        | 550                                 | 990,098           |
| Additions             | 95,591                 | 118,107                     | 365,687           | 972                                      | 46,450                        | 23,296                              | 650,103           |
| Disposals             | (68,150)               | -                           | -                 | -  | (10,150)                      | -                                   | (78,300)          |
| At 31 December 1986   | <u>110,496</u>         | <u>118,107</u>              | <u>1,231,269</u>  | <u>972</u>                               | <u>77,211</u>                 | <u>23,846</u>                       | <u>1,561,901</u>  |
| <b>DEPRECIATION</b>   |                        |                             |                   |  |                               |                                     |                   |
| At 1 January 1986     | 15,938                 | -                           | 60,666            | -  | 9,664                         | 442                                 | 86,710            |
| On disposals          | (24,323)               | -                           | -                 | -  | (3,701)                       | -                                   | (28,024)          |
| Charge for the year   | <u>22,793</u>          | <u>-</u>                    | <u>104,903</u>    | <u>-</u>                                 | <u>13,290</u>                 | <u>108</u>                          | <u>141,094</u>    |
| At 31 December 1986   | <u>14,408</u>          | <u>-</u>                    | <u>165,569</u>    | <u>-</u>                                 | <u>19,253</u>                 | <u>550</u>                          | <u>199,780</u>    |
| <b>NET BOOK VALUE</b> |                        |                             |                   |  |                               |                                     |                   |
| At 31 December 1986   | <u>£ 96,088</u>        | <u>£118,107</u>             | <u>£1,065,700</u> | <u>£972</u>                              | <u>£57,959</u>                | <u>£23,296</u>                      | <u>£1,362,121</u> |
| At 31 December 1985   | <u>£ 67,117</u>        | <u>£ -</u>                  | <u>£ 804,916</u>  | <u>£-</u>                                | <u>£31,247</u>                | <u>£ 108</u>                        | <u>£ 903,388</u>  |

The commercial vehicles costing £118,107 were acquired on 31 December 1986 and no depreciation on these assets has therefore been provided.

Leasehold improvements consists of expenditure on leasehold premises held under long leases of which the unexpired term exceeded 50 years at the balance sheet date.

## BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 7 INVESTMENTS

|   | 1986<br>£       | 1985<br>£      |
|---|-----------------|----------------|
| Investments in related companies:   |                 |                |
| Kieserling (UK) Limited<br>49,000 ordinary shares of £1 each<br>(representing 49% of ordinary shares)<br>Investing company's share of net assets            | 133,081         | 50,546         |
| Teesside Transport Services Limited<br>51 ordinary shares of £1 each<br>(representing 51% of ordinary shares)<br>Cost of shares                             | 51              | 51             |
| Teesside Insurance Consultants Limited<br>750 ordinary shares of 50p each<br>(representing 37.5% of ordinary shares)<br>Cost of shares                      | 7,500           | -              |
| Middlesbrough Football & Athletic Company (1986) Limited<br>125,000 ordinary shares of £1 each<br>(representing 15.2% of ordinary shares)<br>Cost of shares | 125,000         | -              |
|   | 265,632         | 50,597         |
| Other investment  | 1               | -              |
|   | <u>£265,633</u> | <u>£50,597</u> |

Kieserling (UK) Limited are specialised international hauliers.

Teesside Transport Service Limited has not yet commenced trading.

Teesside Insurance Consultants Limited are insurance brokers. The company commenced trading during the year and no accounts have been prepared up to 31 December 1986. The directors of Bulkhaul Limited consider the value of the investment to be in excess of the cost of the shares.

Middlesbrough Football and Athletic Company (1986) Limited operates Middlesbrough Football Club. The company commenced trading during the year and no accounts have been prepared up to 31 December 1986. The directors of Bulkhaul Limited consider the value of the investment to be in excess of cost.

## BULKHAUL LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 8 OTHER DEBTORS

Included in other debtors are loans to related companies as follows:

|  | 1986<br>£      | 1985<br>£      |
|--|----------------|----------------|
| Nick Brown Trucking Limited                                |                |                |
| a) due within one year                                     | 132            | 73,243         |
| b) due within two to five years                            | -              | 5,719          |
|  | <u>£ 132</u>   | <u>£78,962</u> |
| Teesside Leasing Limited                                   |                |                |
| due within one year  | <u>£ 1,623</u> | <u>£12,770</u> |
| Teesside Transport Services Limited                        |                |                |
| due within one year  | <u>£ 256</u>   | <u>£ 166</u>   |
| Teesside Insurance Consultants Limited                     |                |                |
| due within one year  | <u>£ 3,251</u> | <u>£ -</u>     |
| Middlesbrough Football and Athletic Company (1986) Limited |                |                |
| due within one year  | <u>£10,306</u> | <u>£ -</u>     |

## 9 BANK LOAN

The aggregate amount of the bank loan was as follows:

|   | 1986<br>£      | 1985<br>£  |
|---|----------------|------------|
| a) Falling due within one year          | 33,000         | -          |
| b) Falling due within two to five years | 65,209         | -          |
|   | <u>£98,209</u> | <u>£ -</u> |

The bank loan of £100,000 was received on 24 November 1986 and is repayable in monthly instalments of £3,000 commencing 29 December 1986. The rate of interest on the loan is 3% over base rate and the loan is secured by a debenture creating a fixed and floating charge on the assets and undertaking of the company.

## 10 CALLED UP SHARE CAPITAL

|                                   | 1986           | 1985           |
|-----------------------------------|----------------|----------------|
| Authorised:                       |                |                |
| 10,000 ordinary shares of £1 each | <u>£10,000</u> | <u>£10,000</u> |
| Allotted, issued and fully paid:  |                |                |
| 2,000 ordinary shares of £1 each  | <u>£ 2,000</u> | <u>£ 2,000</u> |

## BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 11 TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS

## a LOANS

During the year the following loans were in existence:

|                          | Note | Liability at<br>1/1/86<br>£ | Maximum liability<br>during year<br>£ | Liability at<br>31/12/86<br>£ |
|--------------------------|------|-----------------------------|---------------------------------------|-------------------------------|
| Stephen Gibson           | i    | -                           | 2,000                                 | -                             |
| Michael O'Neill          | ii   | 7,166                       | 7,166                                 | -                             |
| Nick Brown               |      |                             |                                       |                               |
| Trucking Limited         | iii  | 56,876                      | 56,876                                | 132                           |
| Teesside Leasing Limited | iv   | 4,600                       | 4,600                                 | 1,500                         |

## Notes

i The loan, which was interest free, was repaid during the year.

ii The loan, which was interest free was repaid during the year.

iii The loan to Nick Brown Trucking Limited, a company controlled by Stephen Gibson, is repayable on demand. Interest on the loan totaling £3,974 was waived as part of the transaction detailed in d i below.

iv The loan to Teesside Leasing Limited which is controlled by Stephen Gibson and Michael O'Neill as trustees of Bulkhaul Pension Scheme is interest free and is repayable on demand.

## b QUASI LOANS

During the year the following quasi loans were in existence:

i During the year Bulkhaul Limited incurred expenditure on behalf of Teesside Leasing Limited (a company controlled by Stephen Gibson and Michael O'Neill as trustees of the Bulkhaul Pension Scheme) amounting to £442. This amount is interest free and is repayable on demand.

ii During the year Bulkhaul Limited incurred expenditure on behalf of Teesside Transport Services Limited (a company controlled by Stephen Gibson) amounting to £90. This amount is interest free and is repayable on demand.

## c CREDIT TRANSACTIONS

i During the year the following hire purchase contracts were guaranteed by Bulkhaul Limited:

|                             | Liability at<br>1/1/86<br>£ | Liability at<br>31/12/86<br>£ | Maximum possible<br>liability<br>£ |
|-----------------------------|-----------------------------|-------------------------------|------------------------------------|
| Nick Brown Trucking Limited | 95,781                      | -                             | 95,781                             |
| Bulkhaul Pension Scheme     | 22,320                      | 13,640                        | 22,320                             |

## d MATERIAL INTERESTS

i In December 1986 Bulkhaul Limited bought from Nick Brown Trucking Limited (a company controlled by Stephen Gibson) assets valued at £125,431. This amount, less the hire purchase liability outstanding on these assets, has been offset against the loans previously advanced to Nick Brown Trucking Limited.

## BULKHAUL LIMITED

## NOTES TO THE MODIFIED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1986 (Cont.)

## 12 CAPITAL COMMITMENTS

There were no capital commitments not provided for or capital expenditure authorised but not contracted for at 31 December 1986.

## 13 CONTINGENT LIABILITIES

The company has guaranteed liabilities on hire purchase contracts for Bulkhaul Pension Scheme and Nick Brown Trucking Limited.

The gross liabilities at 31 December 1986 were as follows:

|                             | 1986   | 1985   |
|-----------------------------|--------|--------|
|                             | £      | £      |
| Bulkhaul Pension Scheme     | 13,640 | 22,320 |
| Nick Brown Trucking Limited | -      | 95,781 |