

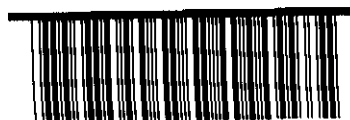
**Axial Logistics Limited**

Report and Financial Statements

Year Ended

31 December 2000

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**BDO**

BDO Stoy Hayward  
Chartered Accountants

# **AXIAL LOGISTICS LIMITED**

**Annual report and financial statements for the year ended 31 December 2000**

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## **AXIAL LOGISTICS LIMITED**

**Annual report and financial statements for the year ended 31 December 2000**

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### **Directors, Secretary and Advisers**

**Executive directors**

P J Nuttall  
G J Taffs  
J C Merry

**Secretary and registered office**

J M H Light  
c/o AutoLogic Holdings PLC  
Orion House  
5 Upper Street  
Martin's Lane  
London  
WC2H 9EA

**Registered number**

3485319

**Registered auditors**

BDO Stoy Hayward  
8 Baker Street  
London  
W1U 3LL

**Solicitors**

Eversheds  
Solicitors  
10 Newhall Street  
Birmingham  
B3 3LX

**Bankers**

The Royal Bank of Scotland Plc  
5/10 Great Tower Street  
London  
EC3P 3HX

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## AXIAL LOGISTICS LIMITED

### Report of the directors for the year ended 31 December 2000

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The directors present their report together with the audited financial statements for the year ended 31 December 2000.

#### Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year.

The directors do not propose the payment of a dividend.

#### Principal activities, trading review and future developments

The company is a specialist supplier of distribution, pre-delivery ('PDI') and transport services in the car industry in the UK.

The company has had a very difficult year. The directors are pursuing a business plan to bring the company back to profitability in 2001 and in subsequent years.

#### Directors

The directors of the company during the year were:

P J Nuttall	(appointed 5 June 2001)
M Evans	(resigned 7 February 2000)
G J Taffs	(resigned 5 June 2001)
G D Withers	(appointed 7 February 2000; resigned 5 June 2001)
J C Merry	(appointed 5 June 2001)

No director at the end of the year had any interest in the share capital of the company.

No director at the end of the year had any interest in the share capital of the ultimate parent company.

Under the Tibbett & Britten Group Share Option Scheme, options have been granted as at 31 December 2000 to the following directors over ordinary shares of 5p each at subscription prices shown below:

	Date option granted	Number of shares Savings related	Option price
G J Taffs	27 March 1997	369	467.0p

On 16 June 2000 G D Withers exercised an option at 435.0p over 2,000 ordinary shares granted on 30 October 1995.

## **AXIAL LOGISTICS LIMITED**

### **Report of the directors for the year ended 31 December 2000 (*Continued*)**

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#### **Directors (*Continued*)**

Provisional awards of shares in Tibbett & Britten Group plc are made under the Group's Long Term Incentive Plan each year. The size of the award is calculated on a percentage of basic salary in each year, and awards were made in April 1999 at a price of 329 pence, and in April 2000 at a price of 700 pence, to the directors. The number of shares allotted to the directors when the Plan vests will vary between Nil and 100% at the discretion of the Scheme's trustees. The awards will vest in April 2002 and April 2003 respectively.

The following provisional awards made in 1997 at a share price of 585 pence per Ordinary share vested in October 2000:

M Evans	452 shares
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#### **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 year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Creditors' payment policy**

The company's policy for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The number of days' purchases represented by the company's year end creditors was 28.

## **AXIAL LOGISTICS LIMITED**

### **Report of the directors for the year ended 31 December 2000 *(Continued)***

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#### **Employment of disabled persons**

It is the policy of the company to support the employment of disabled persons wherever practicable and to ensure as far as possible that they share in the training, career development and promotion opportunities available to all employees.

#### **Charitable donations**

The company made no charitable donations during the year.

#### **Employee involvement**

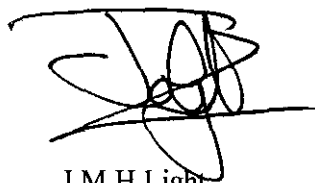
During the year the company has maintained, as far as practicable, close consultation with employees or their representatives on matters likely to affect their interests. By means of meetings and staff publications, the company has endeavoured to keep employees informed about the progress of their company and the group of which it is a member.

The directors wish to place on record their appreciation of the loyal support and efforts by all staff in maintaining the performance of the company.

#### **Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### **By Order of the Board**



J M H Light  
Secretary

15 June 2001

## AXIAL LOGISTICS LIMITED

### Report of the independent auditors (*Continued*)

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#### To the shareholders of Axial Logistics Limited

We have audited the financial statements of Axial Logistics Limited on pages 6 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### *Basis of opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**AXIAL LOGISTICS LIMITED**

**Report of the independent auditors**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
London

*Bdo Stoy Hayward*

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Date 15 June 2001



**AXIAL LOGISTICS LIMITED****Profit and loss account for the year ended 31 December 2000**

	Note	2000 £'000	1999 £'000
<b>Turnover</b>	2	17,067	17,194
Staff costs	3	5,118	5,035
Depreciation and other amounts written off tangible fixed assets		276	319
Other operating charges		11,599	13,460
Exceptional item	5	197	-
		<hr/>	<hr/>
<b>Operating loss</b>	4	(123)	(1,620)
Interest payable	6	(1)	(8)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(124)	(1,628)
Tax credit on loss from ordinary activities	8	17	429
		<hr/>	<hr/>
<b>Loss for the year</b>		(107)	(1,199)
Accumulated loss brought forward		(2,174)	(975)
		<hr/>	<hr/>
<b>Accumulated loss carried forward</b>		(2,281)	(2,174)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The loss for the year represents the movement in shareholders' funds.

The notes on pages 8 to 15 form part of these financial statements

# AXIAL LOGISTICS LIMITED

## Balance sheet at 31 December 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	9		945		1,270
Investments	10		-		-
			<u>945</u>		<u>1,270</u>
<b>Current assets</b>					
Stocks	11	213		81	
Debtors	12	8,260		3,056	
Cash at bank and in hand		8,587		774	
		<u>17,060</u>		<u>3,911</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>20,286</u>		<u>7,355</u>	
<b>Net current liabilities</b>			<u>(3,226)</u>		<u>(3,444)</u>
<b>Total assets less current liabilities</b>			<u>(2,281)</u>		<u>(2,174)</u>
<b>Capital and reserves</b>					
Called up share capital	15		-		-
Profit and loss account			<u>(2,281)</u>		<u>(2,174)</u>
<b>Shareholders' funds</b>			<u>(2,281)</u>		<u>(2,174)</u>

All amounts within shareholders' funds are equity.

The financial statements were approved by the Board on 15 June 2001

G Taffs  
Director

The notes on pages 8 to 15 form part of these financial statements

## AXIAL LOGISTICS LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2000

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

##### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

##### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold properties	-	over the term of the contract for which the asset was acquired or 25 years, whichever is the shorter
Short leasehold properties	-	over the term of the lease or 25 years, whichever is the shorter
Plant and machinery	-	over 3 to 10 years

##### *Stocks*

Stocks are valued at the lower of cost or net realisable value.

##### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

##### *Foreign currency*

Assets and liabilities in foreign currencies are translated into sterling at the rate 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 the transaction. Exchange difference are taken into account in arriving at the operating profit.

##### *Leased assets*

Operating leases rentals are charged to the profit and loss account on a straight-line basis over the lease term.

##### *Pension costs*

During the year the assets of the scheme were transferred to the Tibbett and Britten Group Pension Scheme. Details of this scheme can be found in the Tibbett and Britten Group PLC financial statements (see note 17).

## AXIAL LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *Non consolidation*

Axial Logistics Limited, being a wholly owned subsidiary of a United Kingdom parent company, is not required to prepare consolidated accounts.

#### *Going concern*

The company and its directors have been assured by the new parent company, Autologic Holdings plc that they will continue to make sufficient funds available to enable the company to meet its obligations as they fall due. It is for this reason that the directors consider it appropriate to draw up the financial statements on the going concern basis.

### 2 Turnover and operating loss

The company's principal activity is the preparation and delivery of motor vehicles which is carried out wholly in the United Kingdom. Turnover and operating loss are derived solely from the company's principal activity.

### 3 Employees

	2000 £'000	1999 £'000
Staff costs consist of:		
Wages and salaries	4,449	4,399
Social security costs	408	399
Other pension costs	261	237
	<u>5,118</u>	<u>5,035</u>
The average number of employees during the year was as follows:	Number	Number
Transport	118	105
Management	6	11
Administration	13	37
	<u>137</u>	<u>153</u>

**AXIAL LOGISTICS LIMITED**Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)**4 Operating loss**

2000 £'000	1999 £'000
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This is arrived at after charging/(crediting):

Depreciation	276	319
Hire of plant and machinery	8	19
Other operating leases	11	13
	<u>          </u>	<u>          </u>

**5 Exceptional item**

The exceptional item of £197,000 (1999 - £Nil) relates to restructuring costs incurred in respect of rationalisation of the business.

**6 Interest payable**

2000 £'000	1999 £'000
---------------	---------------

Bank loans and overdrafts	1	8
	<u>          </u>	<u>          </u>

**7 Directors' emoluments**

None of the directors received any remuneration from the company during the year.

**8 Tax credit on loss from ordinary activities**

2000 £'000	1999 £'000
---------------	---------------

UK corporation tax credit	(9)	(452)
(Over)/underprovided tax in prior years	(8)	23
	<u>          </u>	<u>          </u>
	(17)	(429)
	<u>          </u>	<u>          </u>

# AXIAL LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

## 9 Tangible assets

	Freehold property £'000	Short leasehold property £'000	Plant and machinery £'000	Total £'000
<i>Cost or valuation</i>				
At 1 January 2000	1,178	585	604	2,367
Additions	-	20	12	32
Transfers	-	-	(12)	(12)
Disposals	-	(196)	(33)	(229)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	1,178	409	571	2,158
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At 1 January 2000	369	279	449	1,097
Charge for year	115	88	73	276
Transfers	-	-	(11)	(11)
Disposals	-	(134)	(15)	(149)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	484	233	496	1,213
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2000	694	176	75	945
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	809	306	155	1,270
	<hr/>	<hr/>	<hr/>	<hr/>
				£'000
<i>Assets at valuation</i>				
Freehold property				1,178
				<hr/>

- (a) The company's freehold property (including land and buildings) was re-valued as at 31 December 1999 when owned by Axial Limited to the Open Market Value in Existing Use or Open Market Value (if considered surplus to the group's operational requirements) by External Valuers - Belcher Nurton Holt - Chartered Surveyors. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes (the red book).

# AXIAL LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

## 9 Tangible assets (*Continued*)

- (b) The directors have reviewed the values of all properties, and in their opinion there is no significant difference between their market and book values at 31 December 2000.

Historical cost and historic net book value of revalued assets are:

	Cost £'000	Net book value £'000
Freehold property	1,178	694

## 10 Investments

The following was a subsidiary at the end of the year:

Name of subsidiary undertaking	Country of registration	Holding	Nature of business	Investment in subsidiary £'000
Autotrax Limited	England	76% 'B' Ordinary shares	Specialist supplier of distribution pre-delivery ("PDI") and transport services to the car industry	
<i>Cost or valuation</i>				
At 31 December 1999 and 31 December 2000				1,140
<i>Provisions</i>				
At 31 December 1999 and 31 December 2000				(1,140)
<i>Net book value</i>				
At 31 December 1999 and 31 December 2000				-

## 11 Stocks

	2000 £'000	1999 £'000
Vehicle fuel and tyres	213	81

# AXIAL LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

## 12 Debtors

	2000 £'000	1999 £'000
Trade debtors	3,479	1,812
Prepayments and accrued income	310	359
Amounts due from group undertakings	3,583	-
Other debtors	8	22
Corporation tax	880	863
	<u>8,260</u>	<u>3,056</u>

All amounts are due for payment within one year.

## 13 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	1,802	879
Other creditors	23	4
Amounts due to parent undertakings	15,417	5,216
Amounts due to group undertakings	535	86
Accruals and deferred income	666	821
Taxation and social security	1,843	349
	<u>20,286</u>	<u>7,355</u>

## 14 Deferred taxation

	2000 Unprovided £'000	1999 Unprovided £'000
Accelerated capital allowances	<u>32</u>	<u>5</u>

There is no provided deferred taxation.



## AXIAL LOGISTICS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

### 15 Share capital

	Authorised		Allotted, called up and fully paid	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
100 ordinary shares of £1 each – equity	-	-	-	-

### 16 Commitments under operating leases

As at 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £'000	2000 Other £'000	1999 Land and buildings £'000	1999 Other £'000
Operating leases which expire:				
Within one year	9	-	6	-
In two to five years	-	-	98	3
	9	-	104	3

### 17 Ultimate parent company

At 31 December 2000 the ultimate parent company was Tibbett & Britten Group plc, a company registered in England and Wales.

This is the parent of the largest group of which Axial Logistics Limited is a member. The company's immediate parent is Axial UK Limited.

These financial statements have been consolidated into the group financial statements of Tibbett & Britten Group plc and its subsidiaries.

Group accounts may be obtained from:

The Company Secretary  
Tibbett & Britten Group plc  
Ross House  
1 Shirley Road  
Windmill Hill  
Enfield  
Middlesex  
EN2 6SB

## **AXIAL LOGISTICS LIMITED**

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

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### **18 Related party transactions**

The company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are part of the group, as it is a wholly owned subsidiary of a group for which consolidated accounts are prepared and publicly available.

### **19 Cash flow statement**

The company has taken advantage of the exemption conferred under FRS1 'Cash flow statements', not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of an EU parent in whose financial statements a consolidated cash flow statement has been prepared.

### **20 Post balance sheet events**

On 5 June 2001 AutoLogic Holdings plc acquired the businesses and assets of the Axial group of companies for £59.5m in cash and 3,147,073 ordinary 5p shares of AutoLogic. The consideration is subject to adjustment following the settlement of completion accounts to establish the net value of assets transferred. The directors are currently considering the future strategic direction of the business. Further information is available in the circular issued by AutoLogic Holdings plc on 18 May 2001.