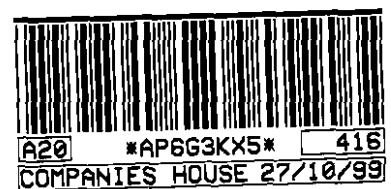


CARGO MARKETING SERVICES LIMITED 1416708
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1999

IAN YARWOOD & CO
CHARTERED ACCOUNTANTS
SOLIHULL



CARGO MARKETING SERVICES LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31ST MARCH 1999

DIRECTORS: M. R. Frearson
S. Prescott
S. O'Hara

SECRETARY: S. E. Cooper

REGISTERED OFFICE: The Old Bakery
Shaw Lane
Lichfield
Staffordshire
WS13 7AG

Report and Accounts 31st March 1999

PAGES:	1	Directors' report
	3	Auditors' report
	4	Group profit and loss account
	5	Group balance sheet
	6	Balance sheet
	7	Cash flow statement
	8	Notes to the accounts

The following page does not form part
of the statutory accounts:

15	Trading account
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CARGO MARKETING SERVICES LIMITED**DIRECTORS' REPORT****FOR THE YEAR ENDED 31ST MARCH 1999**

The directors submit their report and accounts for the year ended 31st March 1999.

Results and dividends

The results for the year are set out on page 4 to the accounts.

The directors recommend a final dividend of £200,550 be paid.

Review of the business

The principal activity of the group during the year was the provision of freight forwarding services.

The directors are satisfied with the results for the year and the state of affairs of the group at the balance sheet date.

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 the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 1999

Directors and their interests

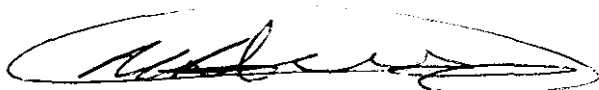
The directors at 31st March 1999 and their beneficial interest in the share capital of the company were as follows:

	<u>At 31st March 1999</u>	<u>At 31st March 1998</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
M. R. Frearson	50	50
S. Prescott	100	100
S. O'Hara	100	100

Auditors

A resolution to re-appoint Ian Yarwood & Co. as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



M. R. Frearson
Director

21st October 1999

Ian Yarwood & Co.

I. R. Yarwood, F.C.A.

Chartered Accountants

2 Station Road, Solihull, West Midlands, B91 3SB

Telephone: 0121 705 7077

Fax: 0121 709 0387

3.

CARGO MARKETING SERVICES LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

FOR THE YEAR ENDED 31ST MARCH 1999

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

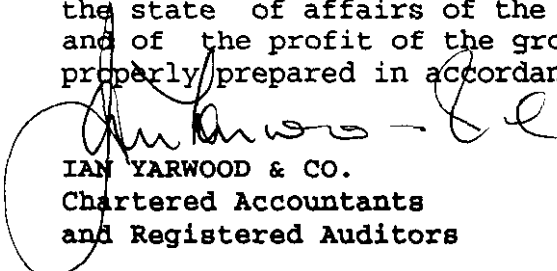
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 any other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31st March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



IAN YARWOOD & CO.

Chartered Accountants
and Registered Auditors

21st October 1999

CARGO MARKETING SERVICES LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
Turnover	3	12,187,451	12,302,131
Cost of sales		10,357,135	10,810,113
Gross profit		1,830,316	1,492,018
Administrative expenses		1,390,154	1,250,622
Operating profit	4	440,162	241,396
Interest receivable		24,312	17,031
Interest payable	6	(15,281)	(27,782)
		9,031	(10,751)
Profit on ordinary activities before taxation		449,193	230,645
Tax on profit on ordinary activities	7	145,132	62,064
Profit on ordinary activities after taxation		304,061	168,581
Ordinary dividends		200,550	-
Retained profit for the year		103,511	168,581
Retained profit brought forward		704,481	535,900
Retained profit carried forward		£ 807,992	£ 704,481

The attached notes 1 to 16 form part of these accounts.

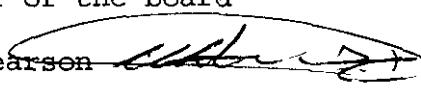
CARGO MARKETING SERVICES LIMITED

GROUP BALANCE SHEET

AS AT 31ST MARCH 1999

	<u>Notes</u>	<u>1999</u>		<u>1998</u>	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		648,157		420,858
Current assets					
Debtors	11	2,847,469		2,948,278	
Cash at bank and in hand		475,465		-	
		<u>3,322,934</u>		<u>2,948,278</u>	
Creditors: amounts falling due within one year	12	<u>2,915,682</u>		<u>2,397,434</u>	
Net current assets			<u>407,252</u>		<u>550,844</u>
Total assets less current liabilities			1,055,409		971,702
Creditors: amounts falling due after more than one year	13		160,426		180,230
			<u>£ 894,983</u>		<u>£791,472</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			807,992		704,481
Share premium account			85,991		85,991

On behalf of the board

M. R. Frearson  DIRECTOR

21st October 1999

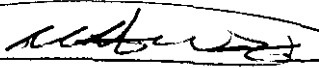
£ 894,983£791,472

The attached notes 1 to 16 form part of these accounts.

CARGO MARKETING SERVICES LIMITED

BALANCE SHEET

AS AT 31ST MARCH 1999

	<u>Notes</u>	<u>1999</u>		<u>1998</u>	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9	632,611		420,858	
Investments	10	87,170		87,170	
		<u>719,781</u>		<u>508,028</u>	
Current assets					
Debtors	11	2,827,635		2,948,278	
Cash at bank and in hand		473,731		-	
		<u>3,301,366</u>		<u>2,948,278</u>	
Creditors: amounts falling due within one year	12	<u>3,122,238</u>		<u>2,665,347</u>	
Net current assets		<u>179,128</u>		<u>282,931</u>	
Total assets less current liabilities		<u>898,909</u>		<u>790,959</u>	
Creditors: amounts falling due after more than one year	13	160,426		180,230	
		<u>£738,483</u>		<u>£610,729</u>	
Capital and reserves					
Called up share capital	14	1,000		1,000	
Share premium account		85,991		85,991	
Profit and loss account		651,492		523,738	
On behalf of the board					
M. R. Frearson  DIRECTOR					
21st October 1999					
Shareholders' funds		<u>£738,483</u>		<u>£610,729</u>	

The attached notes 1 to 16 form part of these accounts.

CARGO MARKETING SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 1999

Notes

	£	£
Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities		
Operating profit	440,162	241,396
Depreciation	101,414	74,086
Profit on sale of fixed assets	(5,916)	(10,889)
Decrease in debtors	71,168	(417,672)
Increase in creditors	252,070	72,896
Net Cash Inflow From Operating Activities	<u>£858,898</u>	<u>£ (40,183)</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		858,898	(40,183)
Returns on investments and servicing of Finance	15	9,031	(10,751)
Taxation		(59,780)	(71,089)
Capital expenditure and Financial Investment	15	(322,797)	(280,838)
Financing	15	16,684	88,665
Increase in Cash		<u>£502,036</u>	<u>£ (314,196)</u>

Reconciliation of Net Cash Flow to Movement
in Net Debt

Increase in Cash in the Year		502,036	(314,196)
Cash Inflow From Increase in Net Debt	16	(16,684)	(88,665)
Decrease in Net Debt	16	485,352	(402,861)
Net Debt at 1st April 1998		<u>(280,789)</u>	<u>122,072</u>
Net Funds/(Debt) at 31st March 1999	16	<u>£204,563</u>	<u>£ (280,789)</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Basis of consolidation

The Group accounts consolidate the accounts of Cargo Marketing Services Limited and its subsidiaries made up to 31st March 1999. No profit and loss account is presented for Cargo Marketing Services Limited as provided by S.228(7) of the Companies Act 1985.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	- over 25 years
Furniture and equipment	- over 8 years
Motor vehicles	- over 4 years

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased assets

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

2. Statement of total recognised gains and losses

	<u>1999</u> £	<u>1998</u> £
The only recognised gain (loss) for the financial year was the profit (loss) of	<u>£304,061</u>	<u>£168,581</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

3. Turnover

Turnover represents the invoiced amount of services provided stated net of value added tax.

4. Group profit

	<u>1999</u> £	<u>1998</u> £
This is stated after charging or crediting:		
Directors' remuneration	262,275	349,588
Directors' pension costs	23,275	30,680
Auditors' remuneration	7,000	7,000
Depreciation of owned assets	42,455	24,322
Depreciation of assets held under finance Leases and hire purchase contracts	58,959	49,764
Loss/(profit) on sale of assets	(5,916)	-
Hire of equipment	<u>7,182</u>	<u>858</u>

5. Staff costs (including directors)

	<u>1999</u> £	<u>1998</u> £
Wages and salaries	776,977	711,973
Social security costs	74,045	72,871
Other pension costs	23,275	30,680
	<u>£874,297</u>	<u>£815,524</u>

Particulars of employees:

The average weekly number of employees during the year was made up as follows:

	<u>1999</u> <u>No.</u>	<u>1998</u> <u>No.</u>
Office and management	27	22
	<u>27</u>	<u>22</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

5. Staff costs (including directors) (Continued)

Retirement benefits were accruing to
Directors under schemes as follows:

	<u>1999</u> <u>No.</u>	<u>1998</u> <u>No.</u>
Money purchase schemes	<u>3</u>	<u>4</u>
	<u>1999</u> £	<u>1998</u> £
The highest paid director received		
Emoluments and benefits as follows:		
Emoluments	88,650	189,757
Contributions to pension scheme	<u>5,250</u>	<u>8,032</u>

6. Interest payable

	<u>1999</u> £	<u>1998</u> £
Bank loans and overdrafts	11,891	5,898
Hire purchase interest	3,390	21,884
	<u>£15,281</u>	<u>£27,782</u>

7. Tax on profit on ordinary activities

	<u>1999</u> £	<u>1998</u> £
Based on the profit for the year:		
Corporation tax at 29.7%(1998 21%)	147,416	62,064
Taxation (over) under provided in		
Respect of previous years	(2,284)	-
	<u>£145,132</u>	<u>£62,064</u>

8. Profit attributable to members of the holding company

	<u>1999</u> £	<u>1998</u> £
Dealt with in the accounts of the holding company	328,304	168,581
Retained by subsidiary companies	(24,243)	-
	<u>£304,061</u>	<u>£168,581</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

9. Tangible fixed assets

Group	Freehold Land and Buildings	Motor Vehicles	Furniture And Equipment	Total
	£	£	£	£
Cost				
At 31st March 1998	205,041	249,068	140,195	594,304
Additions	138,149	97,086	113,062	348,297
Disposals	-	(49,290)	-	(49,290)
At 31st March 1999	343,190	296,864	253,257	893,311
Depreciation				
At 31st March 1998	-	94,733	78,713	173,446
Provided during year	8,587	69,971	22,856	101,414
Disposals	-	(29,706)	-	(29,706)
At 31st March 1999	8,587	134,998	101,569	245,154
Net book value				
At 31st March 1999	£ 334,603	£ 161,866	£ 151,688	£ 648,157
At 31st March 1998	£ 205,041	£ 154,335	£ 61,482	£ 420,858

Company	Freehold Land and Buildings	Motor Vehicles	Furniture And Equipment	Total
	£	£	£	£
Cost				
At 31st March 1998	205,041	249,068	140,195	594,304
Additions	138,149	97,086	95,967	331,202
Disposals	-	(49,290)	-	(49,290)
At 31st March 1999	343,190	296,864	236,162	876,216
Depreciation				
At 31st March 1998	-	94,733	78,713	173,446
Provided during year	8,587	69,971	21,307	99,865
Disposals	-	(29,706)	-	(29,706)
At 31st March 1999	8,587	134,998	100,020	243,605
Net book value				
At 31st March 1999	£ 334,603	£ 161,866	£ 136,142	£ 632,611
At 31st March 1998	£ 205,041	£ 154,335	£ 61,482	£ 420,858

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

9. Tangible fixed assets (Continued)

The net book value of tangible assets of £648,157 (1998: £420,858) Group and £632,611 (1998: £420,858) Company includes an amount of £174,932 (1998: £150,673) Group and Company in respect of assets held under finance leases and hire purchase contracts.

10. Investments

The company has an investment in the following companies, which are included in the consolidated accounts:

	Country of incorporation	% Holding	Nature of business
Cargo Marketing London Limited	England	100	Dormant
Cargotrans Limited	England	100	Dormant
Cargo Marketing Ltd	U.S.A.	100	Freight brokering

11. Debtors

	Group		Company	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Trade debtors	2,747,749	2,807,318	2,578,152	2,807,318
Group companies	-	-	152,433	-
Other debtors	65,122	110,171	65,122	110,171
Prepayments	34,598	30,789	31,929	30,789
	<u>£2,847,469</u>	<u>£2,948,278</u>	<u>£2,827,636</u>	<u>£2,948,278</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

12. Creditors: amounts falling due within one year

	Group		Company	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Bank loans and overdrafts	25,184	51,755	25,184	51,755
Obligations under hire purchase contracts	85,292	48,804	85,292	48,804
Trade creditors	2,139,936	1,970,187	2,083,612	1,970,187
Group companies	-	-	267,913	267,913
Current corporation tax	147,416	62,064	147,416	62,064
Other taxes and social security	114,445	99,871	114,087	99,871
Other creditors	92,909	88,235	88,235	88,235
Accruals	98,950	65,518	98,950	65,518
Proposed dividend	211,550	11,000	211,550	11,000
	<u>£2,915,682</u>	<u>£2,397,434</u>	<u>£3,122,239</u>	<u>£2,665,347</u>

13. Creditors: amounts falling due after more than one year

	Group		Company	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Bank loans and overdrafts	90,243	99,232	90,243	99,232
Obligations under finance leases and hire purchase contracts	70,183	80,998	80,998	80,998
	<u>£160,426</u>	<u>£180,230</u>	<u>£160,426</u>	<u>£180,230</u>

All amounts are repayable within 5 years.

The bank overdraft and loans are secured by a fixed and floating charge over all of the company's assets.

14. Share capital

	<u>1999</u>	<u>1998</u>
	£	£
Authorised		
100,000 ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1999

14. Share capital (Continued)

Allotted, issued and fully paid

1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
----------------------------------	---------------	---------------

15. Gross cash flows

	<u>1999</u> £	<u>1998</u> £
Returns on investments and servicing of finance		
Interest received	24,312	17,031
Interest paid	(11,891)	(5,898)
Interest element of hire purchase payments	<u>3,390</u>	<u>(21,884)</u>
Net cash inflow for returns on investments and Servicing of finance	<u>£ 9,031</u>	<u>£ (10,751)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(348,297)	-
Proceeds from the sale of fixed assets	<u>25,500</u>	<u>40,105</u>
Net cash outflow from investing activities	<u>£ (322,797)</u>	<u>£ (280,838)</u>
Financing		
Decrease/increase in bank loans due after more Than one year	(8,989)	99,232
Capital element of hire purchase contracts	<u>25,673</u>	<u>(10,567)</u>
Net cash inflow for financing	<u>£ 16,684</u>	<u>£ 88,665</u>

16. Analysis of changes in net debt

	<u>1998</u> £	<u>Cash flows</u> £	<u>1999</u> £
Cash at bank and in hand	-	475,465	475,465
Overdrafts	<u>(51,755)</u>	<u>26,571</u>	<u>(25,184)</u>
	(51,755)	502,036	450,281
Debt due after one year	(99,232)	8,989	(90,243)
Hire purchase contracts	<u>(129,802)</u>	<u>(25,673)</u>	<u>(155,475)</u>
	(229,034)	(16,684)	(245,718)
	<u>£ (280,789)</u>	<u>£ 485,352</u>	<u>£ 204,563</u>