

CARGO MARKETING SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000



IAN YARWOOD & CO
CHARTERED ACCOUNTANTS
SOLIHULL

CARGO MARKETING SERVICES LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2000

Directors	M. R. Frearson S. Prescott
Secretary	T. L. Bennett
Company number	1416708
Registered office	The Old Bakery Shaw Lane Lichfield Staffordshire WS13 7AG

CARGO MARKETING SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

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CARGO MARKETING SERVICES LIMITED

REPORT OF THE DIRECTORS

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

Principal activities

The company and group are principally engaged in the provision of freight forwarding services.

Business review

There was a profit for the year after taxation amounting to £139,420 (1999: profit £304,061). The directors recommend dividends absorbing £207,825 (1999: £200,550), leaving £68,405 transferred from reserves (1999: £103,511 retained).

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors in the shares of the company as at 1 April 1999 (or the date of their appointment to the Board if later) and 31 March 2000, were as follows:

The Company

	Ordinary shares	
	31 March 2000	1 April 1999
M. R. Frearson	50	50
S. Prescott	100	100

S. O'Hara resigned as a director on 31 December 2000.

Directors' responsibilities for the financial statements

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 period. 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 company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Major shareholder

D. G. Horwell holds 75% of the issued share capital of the company.

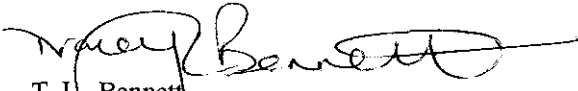
CARGO MARKETING SERVICES LIMITED

REPORT OF THE DIRECTORS

Auditors

Ian Yarwood & Co offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


T. L. Bennett
Secretary
29 January 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF CARGO MARKETING SERVICES LIMITED

We have audited the financial statements on pages 8 to 17 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of the directors and auditors

As described on page 1 the directors are responsible for the preparation of the 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 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.

Opinion

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



Ian Yarwood & Co
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

29 January 2001

CARGO MARKETING SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 March 2000

	Note	2000 £	1999 £
Turnover	1	14,598,377	12,187,451
Cost of sales		(12,698,526)	(10,357,135)
Gross profit		1,899,851	1,830,316
Administrative expenses		(1,700,862)	(1,390,154)
Operating profit		198,989	440,162
Other interest receivable and similar income		10,126	24,312
Interest payable and similar charges	3	(13,489)	(15,281)
Profit on ordinary activities before taxation	1	195,626	449,193
Tax on profit on ordinary activities	5	(56,206)	(145,132)
Profit for the financial year	13	139,420	304,061
Dividends	6		
Equity		(207,825)	(200,550)
Loss transferred from reserves		(68,405)	103,511

STATEMENT OF RETAINED EARNINGS

	2000 £	1999 £
At 1 April 1999	807,992	704,481
Retained loss for the year	(68,405)	103,511
At 31 March 2000	739,587	807,992

There were no recognised gains or losses other than the loss for the year.

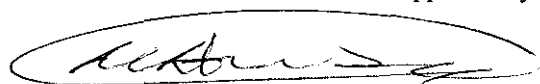
CARGO MARKETING SERVICES LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		640,576		648,157
			<u>640,576</u>		<u>648,157</u>
Current assets					
Debtors	9	3,680,426		2,847,469	
Cash at bank and in hand		412,107		475,465	
		<u>4,092,533</u>		<u>3,322,934</u>	
Creditors: amounts falling due within one year	10	<u>(3,775,445)</u>		<u>(2,898,893)</u>	
Net current assets			<u>317,088</u>		<u>424,041</u>
Total assets less current liabilities			<u>957,664</u>		<u>1,072,198</u>
Creditors: amounts falling due after more than one year	11		<u>(131,086)</u>		<u>(177,215)</u>
			<u>826,578</u>		<u>894,983</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Share premium account			85,991		85,991
Profit and loss account			739,587		807,992
Shareholders' funds	13		<u>826,578</u>		<u>894,983</u>

The financial statements were approved by the Board of Directors on 29 January 2001.



M. R. Frearson
Director

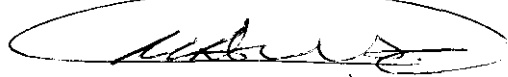
CARGO MARKETING SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	7		601,015		632,611
Investments	8		87,170		87,170
			<u>688,185</u>		<u>719,781</u>
Current assets					
Debtors	9	3,624,482		2,827,636	
Cash at bank and in hand		310,188		473,731	
		<u>3,934,670</u>		<u>3,301,367</u>	
Creditors: amounts falling due within one year	10	<u>(3,555,424)</u>		<u>(3,105,450)</u>	
Net current assets			<u>379,246</u>		<u>195,917</u>
Total assets less current liabilities			<u>1,067,431</u>		<u>915,698</u>
Creditors: amounts falling due after more than one year	11		<u>(131,086)</u>		<u>(177,215)</u>
			<u>936,345</u>		<u>738,483</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Share premium account			85,991		85,991
Profit and loss account			849,354		651,492
Shareholders' funds			<u>936,345</u>		<u>738,483</u>

The financial statements were approved by the Board of Directors on 29 January 2001.



M. R. Frearson
Director

CARGO MARKETING SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	15	303,693	858,898
Returns on investments and servicing of finance			
Interest received		10,126	24,312
Interest paid		(8,925)	(11,891)
Finance lease interest paid		(4,564)	(3,390)
Net cash outflow from returns on investments and servicing of finance		(3,363)	9,031
Taxation		(147,416)	(59,780)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(126,247)	(348,297)
Sale of tangible fixed assets		13,799	25,500
Net cash outflow from capital expenditure and financial investment		(112,448)	(322,797)
Equity dividends paid		(419,375)	-
Financing			
Repayment of borrowings		(11,544)	7,800
Capital element of finance lease rentals		(65,876)	25,673
Net cash outflow from financing		(77,420)	33,473
Decrease in cash	16	(456,329)	518,825

CARGO MARKETING SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiaries drawn up to 31 March 2000. Profits or losses on intra-group transactions are eliminated in full.

TURNOVER

Group turnover is the total amount receivable by the group for services provided, excluding VAT.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold buildings	25 years
Motor vehicles	4 years
Fixtures and fittings	8 years

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover was derived from the company's principal activity which was carried out in the UK and America

The profit on ordinary activities is stated after:	2000 £	1999 £
Auditors' remuneration	19,840	7,000
Depreciation and amortisation:		
Tangible fixed assets, owned	80,010	42,455
Tangible fixed assets, held under finance leases and hire purchase contracts	44,763	58,959

2 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes a profit of £138,773 (1999: profit of £328,304) which is dealt with in the financial statements of the company.

3 INTEREST PAYABLE AND SIMILAR CHARGES / NET INTEREST

	2000 £	1999 £
On bank loans and overdrafts	8,925	11,891
Finance charges in respect of finance leases	4,564	3,390
	13,489	15,281

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2000 £	1999 £
Wages and salaries	1,082,095	1,039,252
Social security costs	113,187	74,045
Other pension costs	24,775	23,275
	1,220,057	1,136,572

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

The average number of employees of the group during the year were as follows:

	2000 Number	<i>1999 Number</i>
Administration	31	<i>27</i>

Remuneration in respect of directors was as follows:

	2000 £	<i>1999 £</i>
Emoluments	157,008	<i>262,275</i>
Pension contributions to money purchase pension schemes	24,775	<i>23,275</i>
	181,783	<i>285,550</i>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2000 £	<i>1999 £</i>
Emoluments and long term incentive schemes	71,054	<i>88,650</i>
Pension contributions to money purchase pension schemes	5,700	<i>5,250</i>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	<i>1999 £</i>
UK Corporation tax at 24.4% (1999:29.7%)	56,206	<i>147,416</i>
	56,206	<i>147,416</i>
Adjustments in respect of prior periods:		
Corporation tax	-	<i>(2,284)</i>
	56,206	<i>145,132</i>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

6 DIVIDENDS

	2000 £	1999 £
Equity dividends:		
Ordinary shares final dividend	207,825	200,550
	<u>207,825</u>	<u>200,550</u>

7 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 1999	343,190	296,864	253,257	893,311
Additions	5,595	41,712	78,940	126,247
	<u>348,785</u>	<u>338,576</u>	<u>332,197</u>	<u>1,019,558</u>
Disposals	-	(51,511)	(3,912)	(55,423)
At 31 March 2000	<u>348,785</u>	<u>287,065</u>	<u>328,285</u>	<u>964,135</u>
Depreciation				
At 1 April 1999	8,587	134,999	101,569	245,155
Charged for the year	8,724	71,850	44,199	124,773
	<u>17,311</u>	<u>206,849</u>	<u>145,768</u>	<u>369,928</u>
Eliminated on disposals	-	(44,850)	(1,519)	(46,369)
At 31 March 2000	<u>17,311</u>	<u>161,999</u>	<u>144,249</u>	<u>323,559</u>
Net book amount at 31 March 2000	<u>331,474</u>	<u>125,066</u>	<u>184,036</u>	<u>640,576</u>
Net book amount at 31 March 1999	<u>334,603</u>	<u>161,865</u>	<u>151,688</u>	<u>648,156</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

Company	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 1999	343,190	296,864	236,162	876,216
Additions	5,595	41,712	47,594	94,901
	348,785	338,576	283,756	971,117
Disposals	-	(51,511)	(3,912)	(55,423)
At 31 March 2000	348,785	287,065	279,844	915,694
Depreciation				
At 1 April 1999	8,587	134,999	100,020	243,606
Charge for the year	8,724	71,850	36,868	117,442
	17,311	206,849	136,888	361,048
Eliminated on disposals	-	(44,850)	(1,519)	(46,369)
At 31 March 2000	17,311	161,999	135,369	314,679
Net book amount at 31 March 2000	331,474	125,066	144,475	601,015
<i>Net book amount at 31 March 1999</i>	<i>334,603</i>	<i>161,865</i>	<i>136,142</i>	<i>632,610</i>

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

Group and Company

Net book amount at 31 March 2000 £121,386

Net book amount at 31 March 1999 £174,932

Depreciation provided in the year £44,763

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

8 FIXED ASSETS INVESTMENTS

Company	Shares in group under- takings £
Cost or valuation At 1 April 1999	87,170
At 31 March 2000	87,170
Net book amount at 31 March 2000	87,170
<i>Net book amount at 31 March 1999</i>	<i>87,170</i>

Name of undertaking	Country of registration and incorporation	Class of share capital held	Proportion held by		Nature of business
			Parent company		
Subsidiary undertakings:					
Cargo Marketing London Limited	England	Ordinary	100%		Dormant
Cargotrans Limited	England	Ordinary	100%		Dormant
Cargo Marketing Services, Ltd	U.S.A.	-	100%		Freight brokering

9 DEBTORS

	2000 £	Group 1999 £	2000 £	Company 1999 £
Trade debtors	3,583,909	2,747,749	3,396,288	2,578,152
Amounts owed by group undertakings	-	-	140,903	152,433
Other debtors	46,767	65,122	45,124	65,122
Prepayments and accrued income	49,750	34,598	42,167	31,929
	<u>3,680,426</u>	<u>2,847,469</u>	<u>3,624,482</u>	<u>2,827,636</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	Group	2000	Company
	£	1999	£	1999
Bank loans and overdrafts	401,365	8,395	401,365	8,395
Trade creditors	2,723,717	2,139,936	2,518,125	2,083,612
Amounts owed to group undertakings	-	-	1,000	267,913
Corporation tax	56,206	147,416	56,206	147,416
Social security and other taxes	75,162	114,445	75,162	114,087
Proposed dividends	-	211,550	-	211,550
Other creditors	343,700	92,909	343,700	88,235
Accruals	121,294	98,950	105,865	98,950
Amounts due under finance leases	54,001	85,292	54,001	85,292
	<u>3,775,445</u>	<u>2,898,893</u>	<u>3,555,424</u>	<u>3,105,450</u>

Bank loans and overdrafts are secured by a fixed and floating charge over all of the assets of the company.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000	Group	2000	Company
	£	1999	£	1999
Bank loans	95,488	107,032	95,488	107,032
Amounts due under finance leases and hire purchase contracts	35,598	70,183	35,598	70,183
	<u>131,086</u>	<u>177,215</u>	<u>131,086</u>	<u>177,215</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

12 BORROWINGS

Borrowings are repayable as follows:

	2000 £	Group 1999 £
Within one year		
Bank loans and overdrafts	401,365	8,395
Finance leases and hire purchase contracts	54,001	85,292
After one and within two years		
Bank loans	8,126	8,395
After two and within five years		
Bank loans	24,380	25,184
Finance leases and hire purchase contracts	35,598	70,183
After five years		
Bank loans	62,982	73,453
	<u>586,452</u>	<u>270,902</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	139,420	304,061
Dividends	(207,825)	(200,550)
Net decrease in shareholders' funds	(68,405)	103,511
Shareholders' funds at 1 April 1999	894,983	791,472
Shareholders' funds at 31 March 2000	<u>826,578</u>	<u>894,983</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

14 SHARE CAPITAL

	2000 £	1999 £
Authorised 100,000 ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

15 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	198,989	440,162
Depreciation	124,773	101,414
Profit on sale of tangible fixed assets	(4,745)	(5,916)
Increase in debtors	(832,957)	100,809
Increase in creditors	817,633	222,429
Net cash inflow from continuing operating activities	<u>303,693</u>	<u>858,898</u>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Decrease in cash in the year	(456,328)	518,825
Cash outflow from financing in the year	11,544	(7,800)
Cash outflow from finance leases in the year	65,876	(25,673)
Change in net debt resulting from cashflows	<u>(378,908)</u>	<u>485,352</u>
Movement in net debt in the year	(378,908)	485,352
Net funds at 1 April 1999	204,563	(280,789)
Net debt at 31 March 2000	<u>(174,345)</u>	<u>204,563</u>

CARGO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999 £	Cashflow £	At 31 March 2000 £
Cash in hand and at bank	475,465	(63,358)	412,107
Overdrafts	(8,395)	(392,970)	(401,365)
Debt	(107,032)	11,544	(95,488)
Finance leases and hire purchase contracts	(155,475)	65,876	(89,599)
	<u>204,563</u>	<u>(378,908)</u>	<u>(174,345)</u>