



CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year from
1 April 2000 to 31 March 2001

Company number : 01416708

BENTLEY JENNISON

CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS

CARGO MARKETING SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2001

Directors	Mr M R Frearson Mrs T L Bennett-appointed 1 April 2001 Mr S O'Hara-resigned 31 December 2000 Mr S Prescott-resigned 31 March 2001
Secretary	Mrs T L Bennett
Registered office	The Old Bakery Shaw Lane Lichfield, Staffs WS13 7AG

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CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2001.

DIRECTORS' RESPONSIBILITIES

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to :

- select suitable accounting policies and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continued to be that of the provision of freight forwarding services

REVIEW OF THE BUSINESS

Results and dividends

The results for the year are shown in the profit and loss account on page 4.

The directors do not recommend payment of a dividend.

CARGO MARKETING SERVICES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors who held office during the year and their beneficial interest in the shares of the company were as follows :

Ordinary shares of £1 each	2001	2000
Mr M R Frearson	50	50
Mrs T L Bennett-appointed 1 April 2001	-	-
Mr S O'Hara-resigned 31 December 2000	100	100
Mr S Prescott-resigned 31 March 2001	100	100

Major shareholder

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

FIXED ASSETS

In the opinion of the directors the present market value of the company's properties is in excess of the net book amount but, in the absence of a recent valuation, the excess is not quantified.

AUDITORS

Bentley Jennison offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Approved by the Board on 18.1.02 and signed on its behalf by:


Mrs T L Bennett
Secretary

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

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, 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 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.

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 at 31 March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bentley Jennison
Chartered Accountants
and Registered Auditors

18.1.02

2 Hollinswood Court
Stafford Park 1
Telford
Shropshire
TF3 3BD

CARGO MARKETING SERVICES LIMITED

Consolidated profit and loss account for the year ended 31 March 2001

	Notes	2001 £	2000 £
TURNOVER	2	19,641,979	14,598,386
Cost of sales		(17,472,701)	(12,921,720)
GROSS PROFIT		2,169,278	1,676,666
Administrative expenses		(2,015,096)	(1,477,677)
OPERATING PROFIT	3	154,182	198,989
Interest receivable and similar income	6	18,073	10,126
Interest payable and similar charges	7	(17,976)	(13,489)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		154,279	195,626
Tax on profit on ordinary activities	8	(76,824)	(56,206)
PROFIT FOR THE FINANCIAL YEAR		77,455	139,420
Dividends	9	-	(207,825)
RETAINED PROFIT/(LOSS) FOR THE YEAR		77,455	(68,405)
RETAINED PROFIT BROUGHT FORWARD		739,587	807,992
RETAINED PROFIT CARRIED FORWARD		817,042	739,587

All of the company's operations are classed as continuing.

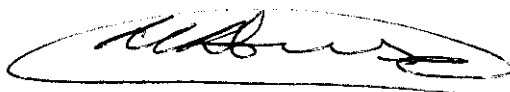
There were no recognised gains or losses in the year other than those included in the profit and loss account.

CARGO MARKETING SERVICES LIMITED

Consolidated balance sheet at 31 March 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	10	558,586	640,576
CURRENT ASSETS			
Debtors	14	3,201,438	3,680,426
Cash at bank and in hand		912,562	412,107
		4,114,000	4,092,533
CREDITORS : Amounts falling due within one year	15	(3,677,649)	(3,775,445)
NET CURRENT ASSETS		436,351	317,088
TOTAL ASSETS LESS CURRENT LIABILITIES		994,937	957,664
CREDITORS : Amounts falling due after more than one year	16	(90,904)	(131,086)
NET ASSETS		904,033	826,578
CAPITAL AND RESERVES			
Called up share capital	17	1,000	1,000
Share premium account	18	85,991	85,991
Profit and loss account		817,042	739,587
SHAREHOLDERS' FUNDS	20	904,033	826,578

Approved by the Board on 18-1-02 and signed on its behalf by:

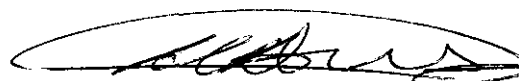


Director

CARGO MARKETING SERVICES LIMITED

Balance sheet at 31 March 2001

	Notes	£	2001 £	2000 £
FIXED ASSETS				
Tangible assets	11	518,748		601,015
Investments	13	87,170		87,170
		<u>605,918</u>		<u>688,185</u>
CURRENT ASSETS				
Debtors	14	3,453,766		3,624,482
Cash at bank and in hand		858,280		310,188
		<u>4,312,046</u>		<u>3,934,670</u>
CREDITORS : Amounts falling due within one year	15	<u>(3,726,413)</u>		<u>(3,555,424)</u>
			<u>585,633</u>	<u>379,246</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,191,551	1,067,431
CREDITORS : Amounts falling due after more than one year	16		<u>(90,904)</u>	<u>(131,086)</u>
			<u>1,100,647</u>	<u>936,345</u>
CAPITAL AND RESERVES				
Called up share capital	17		1,000	1,000
Share premium account	18		85,991	85,991
Profit and loss account			<u>1,013,656</u>	<u>849,354</u>
SHAREHOLDERS' FUNDS	20		<u>1,100,647</u>	<u>936,345</u>

Approved by the Board on 18.1.02 and signed on its behalf by:
 Director

CARGO MARKETING SERVICES LIMITED

Consolidated cash flow statement for the year ended 31 March 2001

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS	2001 £	2000 £
Operating profit	154,182	198,989
Depreciation charges	122,149	124,773
Loss/(profit) on sale of fixed assets	4,753	(4,745)
Decrease/(increase) in debtors	478,988	(832,957)
Increase in creditors	300,038	817,633
Net cash inflow/(outflow) from operating activities	<u>1,060,110</u>	<u>303,693</u>
 CASHFLOW STATEMENT	 2001 £	 2000 £
Cashflow from operating activities	1,060,110	303,693
Returns on investments and servicing of finance (note 1)	97	(3,363)
Taxation	(56,206)	(147,416)
Capital expenditure (note 1)	(44,912)	(112,448)
	<u>959,089</u>	<u>40,466</u>
Equity dividends paid	-	(419,375)
Financing (note 1)	(66,398)	(76,686)
Increase/(decrease) in cash	<u>892,691</u>	<u>(455,595)</u>

See page 8 for the notes to this statement.

CARGO MARKETING SERVICES LIMITED

Notes to the consolidated cash flow statement
for the year ended 31 March 2001

NOTE 1	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	18,073	10,126
Interest paid	(8,658)	(8,925)
Interest element of finance lease rental payments	(9,318)	(4,564)
	<u>97</u>	<u>(3,363)</u>
Capital expenditure		
Purchase of tangible fixed assets	(80,112)	(126,247)
Sale of tangible fixed assets	35,200	13,799
	<u>(44,912)</u>	<u>(112,448)</u>
Financing		
Repayment of loan	(13,053)	(10,811)
Capital element of finance lease rental payments	(53,345)	(65,875)
	<u>(66,398)</u>	<u>(76,686)</u>
NOTE 2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)	2001 £	2000 £
Net cash inflow/(outflow)	892,691	(455,594)
Change in debt within one year	(3,084)	(733)
Change in debt over one year	16,137	11,544
Cash outflow from finance leases	53,345	65,875
Change in net funds/debt in the year	959,089	(378,908)
Net (debt)/funds at 1 April 2000	(174,345)	204,563
Net funds/(debt) at 31 March 2001	<u>784,744</u>	<u>(174,345)</u>

NOTE 3 ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	As at 1 April 2000 £	Cash flows £	Non-cash changes £	As at 31 March 2001 £
Cash in hand, at bank	412,107	500,455	-	912,562
Overdrafts	(392,236)	392,236	-	-
	<u>19,871</u>	<u>892,691</u>	<u>-</u>	<u>912,562</u>
Debt due within one year	(9,128)	(3,084)	-	(12,212)
Debt due after one year	(95,488)	16,137	-	(79,351)
Finance leases	(89,600)	53,345	-	(36,255)
Total	<u>(174,345)</u>	<u>959,089</u>	<u>-</u>	<u>784,744</u>

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

1 ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Depreciation

Depreciation is calculated to write off fixed assets over their estimated useful lives as follows:

Freehold property	2.5% straight line
Motor vehicles	25% straight line
Fixtures & fittings	15% straight line

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated in accordance with the company's depreciation policy. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease or hire purchase contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Deferred taxation

Provision is made for deferred taxation using the liability method to the extent that it is considered likely that a liability will crystallise in the foreseeable future.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates and the exchange differences are included in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

2 TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's activities stated net of VAT.

	2001 £	2000 £
Geographical analysis of turnover :		
United Kingdom	18,385,522	12,119,756
North America	1,256,457	2,478,630
	<u>19,641,979</u>	<u>14,598,386</u>

3 OPERATING PROFIT

	2001 £	2000 £
Operating profit is stated after charging/(crediting) :		
Auditors remuneration	9,400	19,842
Operating leases		
Hire of plant and machinery	16,385	8,098
Loss/(profit) on sale of fixed assets	4,753	(4,745)
Foreign currency exchange loss	7,118	7,763
Depreciation of tangible fixed assets (note 10)		
Owned assets	92,264	80,010
Leased assets	29,885	44,763
	<u>92,264</u>	<u>80,010</u>

4 PROFIT FOR THE 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 profit for the year includes a profit after tax of £164,302 (2000: £138,773) which is dealt with in the financial statements of the company.

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

5 EMPLOYEE INFORMATION

	2001 £	2000 £
Staff costs		
Salaries and wages	1,340,909	795,416
Social security costs	102,966	113,885
Other pension costs	20,130	24,775
	<u>1,464,005</u>	<u>934,076</u>
Pension contributions unpaid at the year end	<u>-</u>	<u>-</u>
Number of employees		
The average monthly number of employees (including directors) employed during the year was :		
Sales	5	7
Administration	5	5
Operations	21	19
	<u>31</u>	<u>31</u>
Directors' remuneration	£	£
Management remuneration	222,512	180,170
Pension contributions	20,130	24,775
	<u>242,642</u>	<u>204,945</u>
Emoluments of the highest paid director :		
Emoluments	<u>89,175</u>	
Number of directors to whom retirement benefits are accruing :-		
In money purchase pension schemes	<u>3</u>	<u>3</u>

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Interest received	18,073	10,126

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loan interest	8,658	8,925
Finance leases and hire purchase contracts	9,318	4,564
	17,976	13,489

8 TAXATION

	2001 £	2000 £
Corporation tax on profit on ordinary activities at 30% (2000 - 30%)	76,824	56,206
	76,824	56,206

9 DIVIDENDS

	2001 £	2000 £
Ordinary final proposed	-	207,825

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

10 TANGIBLE FIXED ASSETS

Group	Motor vehicles	Fixtures and fittings	Freehold Land and buildings	Total
Cost	£	£	£	£
1 April 2000	287,065	328,285	348,785	964,135
Additions	40,315	39,797	-	80,112
Disposals	(79,111)	-	-	(79,111)
31 March 2001	248,269	368,082	348,785	965,136
Depreciation				
1 April 2000	161,999	144,249	17,311	323,559
Charge for year	54,831	58,594	8,724	122,149
Disposals	(39,158)	-	-	(39,158)
31 March 2001	177,672	202,843	26,035	406,550
Net book value				
31 March 2001	70,597	165,239	322,750	558,586
31 March 2000	125,066	184,036	331,474	640,576

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

11 TANGIBLE FIXED ASSETS

Company	Motor vehicles	Fixtures and fittings	Land and buildings	Total
Cost	£	£	£	£
1 April 2000	287,065	279,844	348,785	915,694
Additions	40,315	27,368	-	67,683
Disposals	(79,111)	-	-	(79,111)
31 March 2001	248,269	307,212	348,785	904,266
Depreciation				
1 April 2000	161,999	135,369	17,311	314,679
Charge for year	54,831	46,442	8,724	109,997
Disposals	(39,158)	-	-	(39,158)
31 March 2001	177,672	181,811	26,035	385,518
Net book value				
31 March 2001	70,597	125,401	322,750	518,748
31 March 2000	125,066	144,475	331,474	601,015

Group and company

The net book value of fixed assets includes £74,577 (2000 £121,386) in respect of assets held under finance leases and hire purchase contracts. Depreciation of £29,885 (2000 £44,763) was charged on these assets in the year.

12 LAND AND BUILDINGS

	2001 £	2000 £
Net book value comprises :		
Freehold	322,750	331,474
	<u>322,750</u>	<u>331,474</u>

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

13 FIXED ASSET INVESTMENTS

Company	Shares in group Undertakings £
Cost	
At 1 April 2000 and 31 March 2001	87,170
Provisions for diminution in value	
At 1 April 2000 and 31 March 2001	
Net book value	
At 31 March 2001 and 31 March 2000	87,170

Name of subsidiary undertaking	Country of registration & incorporation	Proportion holding	Nature of business
Cargo Marketing London Limited	England	100%	Dormant
Cargotrans Limited	England	100%	Dormant
Cargo Marketing Services Ltd	USA	100%	Freight brokering

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

14 DEBTORS

Amounts falling due within one year :	2001	2000
	£	£
Group		
Trade debtors	3,107,134	3,583,909
Corporation tax	4,232	4,232
Other debtors	62,552	42,535
Prepayments and accrued income	27,520	49,750
	<u>3,201,438</u>	<u>3,680,426</u>
Company		
Trade debtors	2,903,527	3,396,288
Amounts owed by group undertakings	457,719	140,903
Corporation tax	4,232	4,232
Other debtors	60,778	40,892
Prepayments	27,510	42,167
	<u>3,453,766</u>	<u>3,624,482</u>

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

15 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

Group	2001 £	2000 £
Bank loan and overdraft	12,212	401,364
Trade creditors	2,942,350	2,723,717
Corporation tax	76,824	56,206
Social security and other taxes	67,933	75,162
Other creditors	49,000	-
Accruals and deferred income	504,628	464,994
Obligations under finance leases and hire purchase contracts	24,702	54,002
	<u>3,677,649</u>	<u>3,775,445</u>
Company		
Bank loan and overdraft	12,212	401,365
Trade creditors	2,667,235	2,518,124
Amounts owed to group undertakings	333,186	1,000
Corporation tax	76,824	56,206
Social security and other taxes	67,933	75,162
Other creditors	49,000	-
Accruals and deferred income	495,321	449,565
Obligations under finance leases and hire purchase contracts	24,702	54,002
	<u>3,726,413</u>	<u>3,555,424</u>

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

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

16 CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

Group and company	2001 £	2000 £
Bank loan	79,351	95,488
Obligations under finance leases and hire purchase contracts	11,553	35,598
	<u>90,904</u>	<u>131,086</u>
Maturity of debt		
In one year or less or on demand	12,212	401,364
Between one and two years	12,712	8,126
Between two and five years	25,424	24,380
In 5 years or more by instalments	41,215	62,982
	<u>91,563</u>	<u>496,852</u>
 Obligations under finance leases and hire purchase contracts :		
Within one year	24,702	54,002
Within one to two years	8,971	24,240
Within two to five years	2,582	11,358
	<u>36,255</u>	<u>89,600</u>

17 CALLED UP SHARE CAPITAL

	2001		2000	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
 Allotted called up and fully paid				
Equity shares				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

CARGO MARKETING SERVICES LIMITED

Notes to the financial statements for the year ended 31 March 2001

18 RESERVES

	Share premium account £
At 1 April 2000	85,991
and	
31 March 2001	<u> </u>

19 FINANCIAL COMMITMENTS

Capital commitments

The total value of capital expenditure authorised and contracted for at 31 March 2001 was £30,629 (2000 : £0).

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	77,455	139,420
Dividends	-	(207,825)
Net addition to/(reduction) in shareholders' funds	<u>77,455</u>	<u>(68,405)</u>
Opening shareholders' funds	826,578	894,983
Closing shareholders' funds	<u>904,033</u>	<u>826,578</u>