

**MURPHY SHIPPING AND COMMERCIAL SERVICES
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2002

FELTONS

Chartered Accountants & Registered Auditors

12 Sheet Street

Windsor

Berkshire

SL4 1BG



MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

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MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 August 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was freight forwarding.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 August 2002	At 1 September 2001
A Agbabiaka	2	2
B Agbabiaka	20	20
O Agbabiaka	2	2
M Burt	<u>25</u>	<u>25</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

DONATIONS

During the year the company made the following contributions:

	2002 £	2001 £
Charitable	<u>270</u>	<u>480</u>

AUDITORS

A resolution to re-appoint Feltons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2002

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
12 Sheet Street
Windsor
Berkshire
SL4 1BG

Signed on behalf of the directors



M Burt
Director

Approved by the directors on 29-12-03

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 AUGUST 2002

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 AUDIT 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.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 AUGUST 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



FELTONS
Chartered Accountants
& Registered Auditors

12 Sheet Street
Windsor
Berkshire
SL4 1BG

6/1/04

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 AUGUST 2002**

	Note	2002 £	2001 £
TURNOVER	2	6,218,974	3,384,671
Cost of sales		<u>(5,260,447)</u>	<u>(2,497,593)</u>
GROSS PROFIT		958,527	887,078
Administrative expenses		<u>(902,515)</u>	<u>(892,984)</u>
Other operating income	3	<u>35,890</u>	<u>35,786</u>
OPERATING PROFIT	4	91,902	29,880
Interest receivable		2,708	3,329
Interest payable and similar charges		<u>(26,357)</u>	<u>(11,709)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		68,253	21,500
Tax on profit on ordinary activities	5	<u>(7,452)</u>	<u>(12,254)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>60,801</u>	<u>9,246</u>

The notes on pages 7 to 13 form part of these financial statements.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

BALANCE SHEET

31 AUGUST 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	6	59,782	56,297
Investments	7	<u>1</u>	<u>2</u>
		59,783	56,299
CURRENT ASSETS			
Debtors	8	1,617,526	752,615
Cash at bank and in hand		<u>593,406</u>	<u>346,577</u>
		2,210,932	1,099,192
CREDITORS: Amounts falling due within one year			
	9	<u>1,766,338</u>	<u>999,051</u>
NET CURRENT ASSETS		<u>444,594</u>	<u>100,141</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>504,377</u>	<u>156,440</u>
CREDITORS: Amounts falling due after more than one year			
	10	<u>10,464</u>	<u>10,698</u>
		493,913	145,742
PROVISIONS FOR LIABILITIES AND CHARGES			
Other Provisions	12	<u>287,370</u>	<u>-</u>
		<u>206,543</u>	<u>145,742</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	100	100
Profit and loss account	15	<u>206,443</u>	<u>145,642</u>
SHAREHOLDERS' FUNDS		<u>206,543</u>	<u>145,742</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 29-12-03 and are signed on their behalf by:

M BURT



Director

The notes on pages 7 to 13 form part of these financial statements.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	20% on cost straight line
Fixtures & Fittings	15% on cost straight line
Motor Vehicles	25% on cost straight line

Hire purchase agreements

Monetary assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates 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 differences are taken into account in arriving at the operating profit.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed assets investments are treated as part of the results from ordinary activities.

Defined contributions pension scheme

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

Consolidation

The company owns 100% share capital of Dangerous Goods Management (UK) Ltd, a company incorporated in England. The company has not prepared consolidated accounts on the grounds that its subsidiary is immaterial. Dangerous Goods Management (UK) Ltd was dormant throughout the year.

2. TURNOVER

Overseas turnover amounted to 96.56% (2001 - 83.41%) of the total turnover for the year.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

3. OTHER OPERATING INCOME

	2002 £	2001 £
Rent receivable	<u>35,890</u>	<u>35,786</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Directors' emoluments	47,210	47,623
Directors pensions	17,361	15,565
Staff pension contributions	5,272	2,711
Depreciation of owned fixed assets	6,839	39,968
Depreciation of assets held under hire purchase and finance lease agreements	6,576	42,265
Profit on disposal of fixed assets	(46,126)	-
Auditors' fees	10,428	4,250
Net loss on foreign currency translation	<u>16,343</u>	<u>-</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2001 - 20%)	7,452	10,736
Over/under provision in prior year	-	1,518
Total current tax	<u>7,452</u>	<u>12,254</u>

6. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 September 2001	317,369	59,768	40,608	417,745
Additions	39,400	-	4,550	43,950
Disposals	(108,200)	-	(40,608)	(148,808)
At 31 August 2002	<u>248,569</u>	<u>59,768</u>	<u>4,550</u>	<u>312,887</u>
DEPRECIATION				
At 1 September 2001	277,715	43,125	40,608	361,448
Charge for the year	9,514	2,145	1,756	13,415
On disposals	(81,150)	-	(40,608)	(121,758)
At 31 August 2002	<u>206,079</u>	<u>45,270</u>	<u>1,756</u>	<u>253,105</u>
NET BOOK VALUE				
At 31 August 2002	<u>42,490</u>	<u>14,498</u>	<u>2,794</u>	<u>59,782</u>
At 31 August 2001	<u>39,654</u>	<u>16,643</u>	<u>-</u>	<u>56,297</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

Hire Purchase and finance lease agreements

Included within the net book value of £59,782 is £14,303 (2001 - £49,917) relating to assets held under hire purchase agreements, and £12,000 (2001 - £Nil) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £3,576 (2001 - £42,265), and £3,000 (2001 - £Nil) in respect of assets held under finance lease agreements.

7. INVESTMENTS

	Shares in Subsidiary £
COST	
At 1 September 2001	2
Disposals	(1)
	<u>1</u>
At 31 August 2002	
	<u>1</u>
NET BOOK VALUE	
At 31 August 2002	1
	<u>2</u>
At 31 August 2001	
	<u>2</u>

The investment is a 100% holding in Dangerous Goods Management (U.K.) Limited, a company that is no longer trading and is incorporated in England and Wales. The company was dormant throughout the period. The company's other 100% holding, Stoneaction Limited a company incorporated in England and Wales, was dissolved on 12 March 2002. The aggregate amount of the company's capital and reserves was £34,535(2001: £(34,533)) and its loss for the year was £nil(2001 : £nil). The company was dormant throughout the period.

8. DEBTORS

	2002 £	2001 £
Trade debtors	1,258,464	706,726
Corporation tax repayable	3,305	-
VAT recoverable	-	831
Other debtors	355,757	45,058
	<u>1,617,526</u>	<u>752,615</u>

9. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	909,946	724,885
Taxation and social security	71,563	22,316
Hire Purchase and finance lease agreements	11,286	31,773
Other creditors	773,543	220,077
	<u>1,766,338</u>	<u>999,051</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

10. CREDITORS: Amounts falling due after more than one year

	2002 £	2001 £
Amounts owed to group undertakings	—	10,698
Hire Purchase and finance lease agreements	10,464	—
	<u>10,464</u>	<u>10,698</u>

11. PENSIONS

The Company operates a stakeholder defined contribution scheme for the employees of the Company. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

The Company operates a defined contribution scheme for the Directors of the Company. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period. One Director is currently in the scheme

12. OTHER PROVISIONS

	2002 £	2001 £
Provision for disputed costs of sales	<u>287,370</u>	<u>—</u>

13 OPERATING LEASES

Amounts payable for buildings rented under an operating lease between one and two years £87,820.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

13. RELATED PARTY TRANSACTIONS

In the directors' opinion the company is controlled by Tolani Agbabiaka who has immediate and ultimate control of the company. In the prior year, the directors considered Tolani Agbabiaka to have both immediate and ultimate control.

During the year the company purchased goods in the normal course of business from Murphy Shipping & Commercial Services Limited, a company incorporated in Nigeria, for £874,405.73 (2001: £762,419). The company also supplied services at a price of £6,080.22 (2001: £43,187). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due to Murphy Shipping & Commercial Services (Nigeria) Ltd was £135,968 (2001: £401,084). B Agbabiaka is a Director of this company. O Osinaike and A Agbabiaka hold shares in this company.

During the year the company purchased goods in the normal course of business from Murphy Express Logistics Limited, a company incorporated in England, for £nil (2001: £nil). The company supplied services at a price of £271,126.15 (2001: £223,412). The price charged was the normal market price in the case of each individual sale. At 31st August 2002 the amount due from Murphy Express Logistics Limited was £2,686.25 (2001: £81,053). M Burt is a Director and Shareholder in this Company and B Agbabiaka is also a Director.

During the year the company purchased goods in the normal course of business from Murphy International World Carriers (Overseas) Limited, a company incorporated in Guernsey, for £nil (2001: £nil). The company supplied services at a price of £nil (2001: £4,800). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due to Murphy International World Carriers (Overseas) Limited was £11,932.50 (2001: £11,533). B Agbabiaka is a Director and Shareholder in this of this Company.

During the year the company purchased goods in the normal course of business from Murphy International World Carriers (Overseas) Limited, a company incorporated in Azerbaijan, for £5,161.75 (2001: £70,164). The company also supplied services at a price of £99,734.77 (2001: £99,541). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due from Murphy International World Carriers (Overseas) Limited, Azerbaijan was £100,992.20 (2001: £25,421). B Agbabiaka is a Director and Shareholder in this Company.

During the year the company purchased goods in the normal course of business from Murphy Shipping & Commercial Services Inc, a company incorporated in the United States of America, for £45,957.35 (2001: £24,084). The company also supplied services at a price of £19,131.64 (2001: £28,331). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due to Murphy Shipping & Commercial Services Inc was £5,118.96 (2001: £12,755). M Burt and B Agbabiaka are both Directors and Shareholders in this Company.

During the year the company purchased goods in the normal course of business from Murphy Georgia Limited, a company incorporated in Georgia, for £5,824.21 (2001: £1,860). The company also supplied services at a price of £32,603.98 (2001: £43,489). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due from Murphy Georgia Limited was £9,115.62 (2001: £8,625). M Burt is a director and shareholder in this company.

During the year the company purchased goods in the normal course of business from Murphy Shipping Limited, a company incorporated in Turkmenistan, for £nil (2001:

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2002

13. RELATED PARTY TRANSACTIONS *(continued)*

£nil). The company also supplied services at a price of £nil (2001: £15,891). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due to Murphy Shipping Limited was £nil (2001: £nil). B Agbabiaka is a director of this company.

During the year the company purchased goods in the normal course of business from Taurus Packing Services Limited, a company incorporated in England, for £31,675.50 (2001: £44,554). The company also supplied services at a price of £72,388.46 (2001: £77,987). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due from Taurus Packing Services Limited was £23,709.50 (2001: £12,632).

During the year the company purchased goods in the normal course of business from Murphy Universal Supply Chain Limited, a company incorporated in England, for £nil (2001: £423). The company also supplied services at a price of £378.90 (2001: £nil). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2002 the amount due from Murphy Universal Supply Chain Limited was £41.90 (2001: £nil). B Agbabiaka is a Director and Shareholder of Murphy International World Carriers (Overseas) Limited, Guernsey, which owns 50% of the share capital of this company. M Burt is also a director of Murphy Universal Supply Chain Limited.

During the year the company purchased goods in the normal course of business from Marti Uluslararasi Tasimacilik Tic Ltd Sti, a company incorporated in Turkey, for £6,344.10 (2001: £1,860). No Services were supplied to this Company. The price charged was the normal market price in the case of each individual purchases. At 31st August 2002 the amount due to Marti Uluslararasi Tasimacilik Tic Ltd Sti was £nil (2001: £nil). S Hogarth is a director of this company and she is the wife of M Burt.

14. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward	100	145,642	145,742
Retained profit for the year	—	60,801	60,801
Balance carried forward	<u>100</u>	<u>206,443</u>	<u>206,543</u>