

**MURPHY SHIPPING AND COMMERCIAL SERVICES
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2003



FELTONS

Chartered Accountants & Registered Auditors

12 Sheet Street

Windsor

Berkshire

SL4 1BG

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4 to 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Accounting policies	9 to 10
Notes to the financial statements	11 to 20

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

A Agbabiaka
B Agbabiaka
O Osinaike
M Agbabiaka
P Reiff

Company secretary

D Akula

Registered office

12 Sheet Street
Windsor
Berkshire
SL4 1BG

Auditors

Feltons
Chartered Accountants
& Registered Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG

Bankers

National Westminster Bank Plc
PO Box 1070
Slough
Berkshire
SL1 1AL

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 August 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

During the year turnover has decreased as work from major contracts has reduced following the completion of phases in work undertaken.

FUTURE DEVELOPMENTS

Next year the Directors expect to see increased turnover as work on our major contracts increase as the next phases in customers projects commence.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE 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 2003	At 1 September 2002
A Agbabiaka	2	2
B Agbabiaka	20	20
O Osinake	2	2
M Burt	25	25

P Reiff was appointed as a director on 17 March 2004.

M Burt retired as a director on 20 February 2004.

As the Company qualifies as a medium sized company this year, the notes to the accounts are more detailed.

This year the Debtors note analyses prepayments, which were included in other debtors last year and the creditors note analyses accruals, which were included in other creditors last year. The comparatives for these has been analysed accordingly.

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 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2003

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:

	2003	2002
	£	£
Charitable	<u>35</u>	<u>270</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.

Registered office:
12 Sheet Street
Windsor
Berkshire
SL4 1BG

Signed on behalf of the directors



A AGBABIAKA
Director

Approved by the directors on 26.11.04.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

YEAR ENDED 31 AUGUST 2003

We have audited the financial statements which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Accounting Policies and the related notes. These financial statements have been prepared 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 OF
MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED** *(continued)*

YEAR ENDED 31 AUGUST 2003

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 2003 and of its loss 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

29th November 2004

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2003

	Note	2003 £	2002 (restated) £
TURNOVER	1	4,687,869	6,218,974
Cost of sales		<u>(3,731,822)</u>	<u>(5,102,734)</u>
GROSS PROFIT		956,047	1,116,240
Administrative expenses		<u>(979,192)</u>	(902,515)
Other operating income	2	<u>35,786</u>	35,890
OPERATING PROFIT	3	12,641	249,615
Income from fixed asset investments	6	10,200	—
Interest receivable		8,984	2,708
Interest payable and similar charges	7	<u>(5,877)</u>	<u>(26,357)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		25,948	225,966
Tax on profit on ordinary activities	8	<u>(56,858)</u>	<u>(7,452)</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(30,910)</u>	<u>218,514</u>

All of the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £30,910 attributable to the shareholders for the year ended 31 August 2003 (2002 - profit of £218,514).

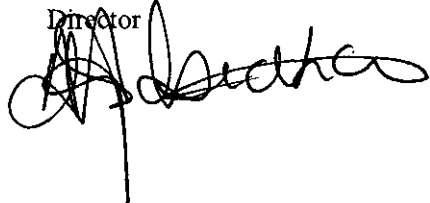
MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED**BALANCE SHEET****31 AUGUST 2003**

		2003		2002 (restated)	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	9		58,147		59,782
Investments	10		<u>1</u>		<u>1</u>
			58,148		59,783
CURRENT ASSETS					
Debtors	11	860,076		1,617,526	
Cash at bank and in hand		<u>752,997</u>		<u>593,406</u>	
		1,613,073		2,210,932	
CREDITORS: Amounts falling due within one year					
	12	<u>1,327,777</u>		<u>1,766,338</u>	
NET CURRENT ASSETS			<u>285,296</u>		<u>444,594</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>343,444</u>		<u>504,377</u>
CREDITORS: Amounts falling due after more than one year					
	13		<u>8,951</u>		<u>10,464</u>
			334,493		493,913
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16		1,147		-
Other Provisions	17		<u>-</u>		<u>129,657</u>
			<u>333,346</u>		<u>364,256</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		100		100
Profit and loss account	21		<u>333,246</u>		<u>364,156</u>
SHAREHOLDERS' FUNDS	21		<u>333,346</u>		<u>364,256</u>

These financial statements were approved by the directors on the 26/11/04 and are signed on their behalf by:

A AGBABIAKA

Director



MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 AUGUST 2003**

		2003		2002 <i>(restated)</i>	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	22		124,845		283,465
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22		13,307		(23,649)
TAXATION	22		(45,890)		(21,493)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22		(36,639)		29,227
CASH INFLOW BEFORE FINANCING			<u>55,623</u>		<u>267,550</u>
FINANCING	22		(642)		(20,721)
INCREASE IN CASH	22		<u>54,981</u>		<u>246,829</u>

The accounting policies and notes on pages 9 to 20 form part of these financial statements.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 AUGUST 2003

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year and amounts invoiced after the year, relating to work undertaken in the current 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 interest is charged to the profit and loss account

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 fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under such leases, net of finance charges, are included in 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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

ACCOUNTING POLICIES *(continued)*

YEAR ENDED 31 AUGUST 2003

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 o

Deferred tax is measured on an undiscounted basis at the tax rates 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.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2003	2002 (restated)
	£	£
United Kingdom	765,998	214,117
Overseas	3,921,871	6,004,857
	<u>4,687,869</u>	<u>6,218,974</u>

2. OTHER OPERATING INCOME

	2003	2002 (restated)
	£	£
Rent receivable	<u>35,786</u>	<u>35,890</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002 (restated)
	£	£
Depreciation of owned fixed assets	24,123	6,839
Depreciation of assets held under hire purchase and finance lease agreements	9,551	6,576
Loss/(Profit) on disposal of fixed assets	4,600	(46,126)
Auditors' remuneration		
- as auditors	10,680	10,428
Operating lease costs:		
Land and buildings	86,094	78,049
Plant and equipment	1,781	-
Net (profit)/loss on foreign currency translation	(7,499)	18,528
Exceptional items (Write off of provision for cost of sale)	<u>(16,141)</u>	<u>-</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002 (restated)
	No	No
Number of operations / warehouse staff	14	13
Number of administrative staff	5	5
Number of management staff	2	2
	<u>21</u>	<u>20</u>

The aggregate payroll costs of the above were:

	2003	2002 (restated)
	£	£
Wages and salaries	485,596	457,956
Social security costs	48,038	33,176
Other pension costs	4,897	5,272
Other pension costs	17,280	17,361
	<u>555,811</u>	<u>513,765</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002 (restated)
	£	£
Emoluments receivable	<u>106,802</u>	<u>75,126</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2003	2002 (restated)
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. INCOME FROM FIXED ASSET INVESTMENTS

	2003	2002 (restated)
	£	£
Income from other fixed asset investments	<u>10,200</u>	<u>—</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002 (restated)
	£	£
Interest payable on bank borrowing	—	12
Finance charges	4,290	13,645
Other similar charges payable	1,587	12,700
	<u>5,877</u>	<u>26,357</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

8. TAXATION ON ORDINARY ACTIVITIES

	2003 £	2002 (restated) £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	8,397	7,452
Over/under provision in prior year	47,314	—
Total current tax	55,711	7,452
Deferred tax:		
Origination and reversal of timing differences (note 16)		
Other	1,147	—
Tax on profit on ordinary activities	56,858	7,452

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 September 2002	248,569	59,768	4,550	312,887
Additions	19,814	18,357	—	38,171
Disposals	(16,693)	—	(4,550)	(21,243)
At 31 August 2003	251,690	78,125	—	329,815
DEPRECIATION				
At 1 September 2002	206,079	45,270	1,756	253,105
Charge for the year	17,936	15,738	—	33,674
On disposals	(13,355)	—	(1,756)	(15,111)
At 31 August 2003	210,660	61,008	—	271,668
NET BOOK VALUE				
At 31 August 2003	41,030	17,117	—	58,147
At 31 August 2002	42,490	14,498	2,794	59,782

Hire purchase and finance lease agreements

Included within the net book value of £58,147 is £22,628 (2002 - £14,303) relating to assets held under hire purchase agreements, and £9,000 (2002 - £12,000) 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 £6,551 (2002 - £3,576), and £3,000 (2002 - £3,000) in respect of assets held under finance lease agreements.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

10. INVESTMENTS

	Shares in Subsidiary £
COST	
At 1 September 2002 and 31 August 2003	<u>1</u>
NET BOOK VALUE	
At 31 August 2003	<u>1</u>
At 31 August 2002	<u>1</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.

11. DEBTORS

	2003 £	2002 (restated) £
Trade debtors	794,164	1,258,464
Corporation tax repayable	—	3,305
VAT recoverable	17,154	—
Other debtors	7,075	313,364
Prepayments and accrued income	41,683	42,393
	<u>860,076</u>	<u>1,617,526</u>

12. CREDITORS: Amounts falling due within one year

	2003 £	2002 (restated) £
Bank loans and overdrafts	104,610	—
Trade creditors	921,811	909,946
Taxation and social security	19,652	71,563
Hire purchase and finance lease agreements	12,157	11,286
Other creditors	—	37,644
Accruals and deferred income	269,547	735,899
	<u>1,327,777</u>	<u>1,766,338</u>

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

	2003 £	2002 (restated) £
Hire purchase and finance lease agreements	<u>8,951</u>	<u>10,464</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

14. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	2003	2002 (restated)
	£	£
Amounts payable within 1 year	12,157	11,286
Amounts payable between 1 and 2 years	5,938	8,647
Amounts payable between 3 and 5 years	3,013	1,817
	<u>21,108</u>	<u>21,750</u>

15. PENSIONS

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

16. DEFERRED TAXATION

	2003	2002 (restated)
	£	£
The movement in the deferred taxation provision during the year was:		
Profit and loss account movement arising during the year	1,147	—
Provision carried forward	<u>1,147</u>	<u>—</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002 (restated)
	£	£
Other timing differences	1,147	—
	<u>1,147</u>	<u>—</u>

17. OTHER PROVISIONS

2003

£

In the prior year a provision for £287,370 was made with respect to disputed cost of sales. This was subsequently revised to £129,657.

During the year, these disputes were settled and of the provisions made, £113,516 was paid out. The remaining £16,141 was written off in the year. This amount has been treated as an exceptional item in the accounts.

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

18. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings	Other Items	Land & Buildings (restated)	Other Items
	£	£	£	£
Operating leases which expire:				
Within 2 to 5 years	<u>88,800</u>	<u>3,048</u>	<u>87,800</u>	<u>—</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

19. RELATED PARTY TRANSACTIONS

The directors are of the opinion that there was no controlling party as at 31st August 2003. In the prior year the company was under the immediate and ultimate control of Tolani Agbabiaka. Tolani Agbabiaka died on 22 January 2003.

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 £938,086 (2002: £874,406). The company also supplied services at a price of £25,090 (2002: £6,080). The price charged was the normal market price in the case of each individual purchase and sale. At 31st August 2003 the amount owed to Murphy Shipping & Commercial Services (Nigeria) Ltd was £478,585 (2002: £135,968) O Osinaike, A Agbabiaka and B Agbabiaka hold shares in this company and are directors of 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 £2,337 (2002: £nil). The company supplied services at a price of £482,101.35 (2002: £271,126). At 31st August 2003 the amount due from Murphy Express Logistics Limited was £107,540 (2002: £2,686). M Burt is a Director and Shareholder, S Burt, wife of M Burt, is also a shareholder in this company. B Agbabiaka is a Director.

At 31st August 2003 the amount due to Murphy International World Carriers (Overseas) Limited, a company incorporated in Guernsey, was £11,932. (2002: £11,932). 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 £109,823 (2002: £5,162). The company also supplied services at a price of £243,974 (2002: £99,734). At 31st August 2003 the amount due from Murphy International World Carriers (Overseas) Limited, Azerbaijan was £210,219 (2002: £100,992). 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 £371,920 (2002: £45,957). The company also supplied services at a price of £29,038 (2002: £19,131). At 31st August 2003 the amount due from Murphy Shipping & Commercial Services Inc was £4,618 (2002: (£5,119)). 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 £4,873 (2002: £5,824). The company also supplied services at a price of £79,805 (2002: £32,604). At 31st August 2003 the amount due from Murphy Georgia Limited was £4,008 (2002: £9,116). M Burt is a director and shareholder in this company. S Burt, wife of M Burt, is also a shareholder.

During the year the company purchased goods in the normal course of business from Taurus Packing Services Limited, a company incorporated in England, for £47,090 (2002: £31,676). The company also supplied services at a price of £57,776 (2002: £72,388). At 31st August 2003 the amount due from Taurus Packing Services Limited was £25,506 (2001: £23,710). M Burt and B Agbabiaka are both directors and shareholder in this company.

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 (2002: £nil). The company also supplied services at a price of £1,882 (2002: £379). At 31st August 2003 the amount due from Murphy Universal Supply Chain Limited was £nil (2002: £42). B Agbabiaka is a Shareholder of Murphy International World Carriers (Overseas) Limited, Guernsey, which owns 50% of the share capital of this company. M Burt and S Burt, wife of M Burt, are directors of Murphy Universal Supply Chain Limited.

During the year the company purchased goods in the normal course of business from Marti

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

19. RELATED PARTY TRANSACTIONS *(continued)*

Uluslararası Tasimacilik Tic Ltd Sti, a company incorporated in Turkey, for £254,963 (2002: £6,344). The company also supplied services at a price of £1,098 (2002: £nil). At 31st August 2003 the amount due to Marti Uluslararası Tasimacilik Tic Ltd Sti was £5083.25 (2002: £nil). S Burt, wife of M Burt, is a director of this company.

20. SHARE CAPITAL

Authorised share capital:

	2003	2002 <i>(restated)</i>
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21. 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	—	218,514	218,514
Restated balance brought forward	100	364,156	364,256
Loss for the year	—	(30,910)	(30,910)
Balance carried forward	<u>100</u>	<u>333,246</u>	<u>333,346</u>

22. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002 <i>(restated)</i>
	£	£
Operating profit	12,641	249,615
Depreciation	33,674	13,415
Loss/(Profit) on disposal of fixed assets	4,600	(46,126)
Decrease/(increase) in debtors	754,145	(861,606)
(Decrease)/increase in creditors	(550,558)	798,510
(Decrease)/increase in provisions	(129,657)	129,657
Net cash inflow from operating activities	<u>124,845</u>	<u>283,465</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2003	2002 <i>(restated)</i>
	£	£
Income from other fixed asset investments	10,200	—
Interest received	8,984	2,708
Interest paid	(1,587)	(12,712)
Interest element of hire purchase and finance lease	(4,290)	(13,645)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>13,307</u>	<u>(23,649)</u>

TAXATION

	2003	2002 <i>(restated)</i>
	£	£
TAXATION	<u>(45,890)</u>	<u>(21,493)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2003	2002 <i>(restated)</i>
	£	£
Payments to acquire tangible fixed assets	(38,171)	(43,950)
Receipts from sale of fixed assets	1,532	73,176
Disposal of Investments brought forward	—	1
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(36,639)</u>	<u>29,227</u>

FINANCING

	2003	2002 <i>(restated)</i>
	£	£
Repayment of long-term amounts owed to group undertakings	—	(10,698)
Capital element of hire purchase and finance lease	(642)	(10,023)
Net cash outflow from financing	<u>(642)</u>	<u>(20,721)</u>

MURPHY SHIPPING AND COMMERCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

22. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003		2002 <i>(restated)</i>	
	£	£	£	£
Increase in cash in the period	54,981		246,829	
Net cash outflow from long-term amounts owed to group undertakings	—		10,698	
Cash outflow in respect of hire purchase and finance lease	642		10,023	
		55,623		267,550
Change in net funds		55,623		267,550
Net funds at 1 September 2002		571,656		304,106
Net funds at 31 August 2003		627,279		571,656

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Sep 2002 £	Cash flows £	At 31 Aug 2003 £
Net cash:			
Cash in hand and at bank	593,406	159,591	752,997
Overdrafts	—	(104,610)	(104,610)
	593,406	54,981	648,387
Debt:			
Hire purchase and finance lease agreements	(21,750)	642	(21,108)
Net funds	571,656	55,623	627,279