LAMBERT BROTHERS HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
31 MAY 2000

Registered Number: 2195321



LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONTENTS

	Page
Company Information	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Auditors' report	5
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Cash Flow Statement	9
Notes	10 - 22

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

COMPANY INFORMATION

INCORPORATED	In England on 18 November 1987
NUMBER	2195321
CHAIRMAN	R M Lambert
OTHER DIRECTORS	H J Baker R C Trotter J M Flanders C G Watkins
SECRETARY	J M Flanders
REGISTERED OFFICE	Woodside Avenue Eastleigh Hampshire SO50 4ZR
BANKERS	National Westminster Bank plc PO Box 315 High Street Southampton Hampshire
AUDITORS	BKL Weeks Green Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh SO53 3TY

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

31 MAY 2000

The directors present their report and audited financial statements for the year ended 31 May 2000.

Business review

The group's principal activity is warehousing and general haulage. The development of the business during the year and the position at the end of the year are adequately shown by the profit and loss account and balance sheet.

There are no plans to alter significantly the principal activity of the company or its subsidiaries in the future.

Lambert Brothers Services Limited, a wholly owned subsidiary, ceased trading on 5 April 1999.

Post balance sheet events

No significant events affecting the company have occurred since the 31 May 2000.

Results and dividend

An interim dividend of 9 pence per share was paid during the year for all classes of shares. A further dividend of 5.81 pence has been voted in accordance with the Articles of Association. The remaining profit for the year is transferred to reserves as shown on page 6 of the accounts.

Directors

The directors and their families interests in the shares of the company throughout the year were:-

	£1 Ordinary
R M Lambert	801,668
H J Baker	-
R C Trotter	-
J M Flanders	-
C G Watkins (appointed 1 September 1999)	-

Under the company's Articles of Association all the directors retire and being eligible seek re-election.

None of the directors has a beneficial interest in the shares of the subsidiary companies.

Charitable donations

During the year the group made charitable donations totalling £400 (1999 - £794).

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT (cont)

31 MAY 2000

Fixed assets

Movements in fixed assets are shown in the notes to the financial statements.

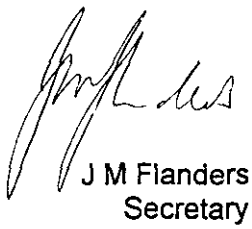
Freehold land and buildings

In the opinion of the directors the market value of the freehold land and buildings is not significantly greater than the book value.

Auditors

BKL Weeks Green have agreed to offer themselves for re-appointment as auditors of the company.

There are three settlements which own a total of 150,000 £1 Ordinary shares in the company. One of the trustees of these settlements is a partner in BKL Weeks Green.



J M Flanders
Secretary

Woodside Avenue
Eastleigh
Hampshire
SO50 4ZR

Date: 25 October 2000

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

STATEMENT OF 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 and of the profit or loss 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 a 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 enable them to ensure that 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.

On behalf of the board



R M Lambert
Chairman

Date: 25 October 2000

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

AUDITORS' REPORT TO THE MEMBERS OF LAMBERT BROTHERS HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 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 affairs of the company and the group at 31 May 2000 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BKL Weeks Green
Registered Auditors
Chartered Accountants

Eastleigh
Date: 21 November 2000

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 MAY 2000

	Note	2000 £		1999 £	
Turnover	2		6,387,070		5,532,598
Cost of sales			(4,917,530)		(4,186,418)
Gross Profit			1,469,540		1,346,180
Administrative expenses			(1,003,751)		(985,178)
Other operating income			484,131		455,471
Operating profit			949,920		816,473
Interest receivable		475		1,048	
Interest payable		(59,500)		(83,463)	
			(59,025)		(82,415)
Profit on ordinary activities before tax	3		890,895		734,058
Taxation	6		(265,061)		(52,383)
Profit on ordinary activities after taxation	7		625,834		681,675
Dividend	8		(192,528)		(162,807)
Retained profit for the financial year			433,306		518,868
Opening balance			2,904,351		2,385,483
Closing balance			3,337,657		2,904,351

The group has no recognised gains or losses other than those shown above.

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

at 31 MAY 2000

	Note	2000 £		1999 £	
Fixed assets					
Tangible assets	9		5,242,324		5,010,774
Investments	10		60,925		54,625
			5,303,249		5,065,399
Current assets					
Stock - consumables		39,256		59,995	
Debtors - due within one year	11	1,513,915		1,361,250	
- due after one year	11	-		-	
Cash at bank and in hand		1,004,052		572,878	
		2,557,223		1,994,123	
Creditors: amounts falling due within one year	12	(2,877,812)		(2,619,307)	
Net current liabilities			(320,589)		(625,184)
Total assets less current liabilities			4,982,660		4,440,215
Creditors: amounts falling due after more than one year	12	249,161		163,677	
Provision for liabilities and charges	13	95,841		72,186	
			(345,002)		(235,863)
Net Assets			4,637,658		4,204,352
Capital and reserves					
Called up share capital	14		1,300,001		1,300,001
Profit and loss account			3,337,657		2,904,351
Shareholders' Funds – equity interests	15		4,637,658		4,204,352

Date approved by the Board:- 25 October 2000

.....
R M Lambert

.....
J M Flanders

Directors

LAMBERT BROTHERS HOLDINGS LIMITED

COMPANY BALANCE SHEET

at 31 MAY 2000

	Note	2000 £		1999 £	
Fixed assets					
Tangible assets	9		4,168,756		4,204,419
Investments	10		350,106		350,106
			4,518,862		4,554,525
Current assets					
Debtors - due within one year	11	558,746		940,534	
Cash at bank and in hand		994,800		158,030	
		1,553,546		1,098,564	
Creditors: amounts falling due within one year	12	(1,813,027)		(1,689,332)	
Net current liabilities			(259,481)		(590,768)
Total assets less current liabilities			4,259,381		3,963,757
Creditors: amounts falling due after one year	12	-		20,243	
Provision for liabilities and charges	13	22,149		21,900	
			(22,149)		(42,143)
Net Assets			4,237,232		3,921,614
Capital and reserves					
Called up share capital	14		1,300,001		1,300,001
Profit and loss account			2,937,231		2,621,613
Shareholders' Funds	15		4,237,232		3,921,614

Date approved by the Board:- 25 October 2000

.....)
R M Lambert)
) Directors
.....)
J M Flanders)

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 MAY 2000

Reconciliation of operating profit to net cash inflow from operating activities

	Note	2000 £	1999 £
Operating profit		949,920	816,473
Depreciation charges		414,242	356,796
Profit on sale of fixed assets		(46,176)	(19,378)
Decrease/(Increase) in stock		20,739	(28,207)
Increase in debtors		(152,665)	(240,186)
Increase in creditors		141,628	121,553
Net cash inflow from operating activities		1,327,688	1,007,051

Cash flow statement		2000 £	1999 £
Net cash inflow from operating activities		1,327,688	1,007,051
Returns on investments and servicing of finance	19	(65,474)	(85,571)
Taxation		(157,345)	(79,859)
Capital expenditure	19	(276,248)	(179,869)
		828,621	661,752
Equity dividends paid		(162,768)	(178,813)
		665,853	482,939
Financing	19	(234,679)	(633,899)
Increase/(Decrease) in cash		431,174	(150,960)

Reconciliation of net cash flow to movement in net debt (note 20)		2000 £		1999 £
Increase/(Decrease) in cash in the period	431,174		(150,960)	
Cash outflow from decrease in debt	20,000		450,000	
Cash outflow from decrease in lease financing	214,679		183,899	
Change in debt relating to cash flows		665,853		482,939
New finance leases		(329,668)		(148,310)
Net debt at beginning of period		(894,805)		(1,229,434)
Net debt at end of period		(558,620)		(894,805)

NOTES ON FINANCIAL STATEMENTS

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

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

Consolidation
The group financial statements incorporate the financial statements of Lambert Brothers Holdings Limited and its subsidiaries, Lambert Brothers Haulage Limited and Lambert Brothers Services Limited.

Internal sales and profits are eliminated on consolidation.

In accordance with Section 230 of the Companies Act 1985 no separate profit or loss account has been prepared by the parent company.

Turnover
Turnover is the value of goods supplied or services rendered in the normal course of business, exclusive of Value Added Tax.

Depreciation
Depreciation is provided on all fixed assets to spread the cost over the estimated useful life of the asset at the following annual rates:-

Freehold buildings	-	Over 100 years
Fixtures and fittings	-	10% Straight line
Computer equipment	-	20% Straight line
Motor vehicles:		
Purchased new	-	15% Straight line
Purchased second hand	-	25% Straight line
Plant and machinery	-	10% Straight line

Leasing and hire purchase
Assets acquired under finance leases and hire purchase agreements are treated as if they had been purchased. The asset is capitalised and depreciated accordingly. The deemed capital element of future payments is included under creditors. The finance element is charged to the profit and loss account on a straight line basis.

Operating lease costs are charged to the profit and loss account for the period to which they relate.

NOTES ON FINANCIAL STATEMENTS

1. **Accounting Policies (continued)**

Stock
Stock is valued consistently at the lower of cost and net realisable value.

Deferred taxation
Deferred taxation is provided for by the liability method on all timing differences expected to crystallise in the foreseeable future.

Pension schemes
The company and its subsidiary operate defined contribution pension schemes. The assets of the schemes are held separately from those of the company concerned in an independently administered fund. The pension cost charges represent contributions payable by the companies to the funds.

2. **Turnover**

All of the company's turnover is attributable to the UK market.

3. **Profit before taxation** is after charging:	2000 £	1999 £
Depreciation	414,242	356,796
Bank and short term loan interest payable	6,822	38,468
Finance lease and hire purchase charges	30,137	25,777
Other interest payable – loans repayable by instalments within 5 years	22,541	19,218
Auditors' remuneration	10,870	10,050
and after crediting:		
Profit on assets sold	46,176	19,378
Rent receivable	484,131	455,471
Interest receivable	475	1,048

LAMBERT BROTHERS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS

4. Employees

	2000	1999
	£	£
The average number of employees during the period was:		
Direct	72	66
Directors	6	6
Office	22	17
	100	89
Their aggregate remuneration amounted to:		
Wages, salaries and fees	1,937,688	1,701,725
Social security costs	172,897	169,990
Pension contributions	53,297	44,594
	2,163,882	1,916,309

5. Emoluments of directors

The aggregate emoluments from Lambert Brothers Holdings Limited and subsidiary companies relating to the directors of the company were as follows:

	2000	1999
	£	£
Emoluments		
Emoluments for qualifying services	320,584	304,094
Company pension contributions to Money Purchase Schemes	17,513	13,575
	338,097	317,669
Emoluments (excluding pension scheme contributions) were:-		
Highest paid director	175,400	166,928
	Number	**Number**
During the year the following number of directors accrued retirement benefits under Money Purchase Pension Schemes	3	3

NOTES ON FINANCIAL STATEMENTS

6. Taxation

	2000 £	1999 £
The charge in the profit and loss account comprises:		
Corporation tax on the taxable profits for the period at 30%(1999 31%/30%)	241,600	200,036
Deferred tax for the period	23,655	(3,001)
	265,255	197,035
Corporation tax prior periods	(194)	(144,652)
	265,061	52,383

The corporation tax adjustment with respect to prior periods in 1999 relates primarily to a backdated claim for Industrial Buildings Allowances. It was not considered prudent to provide for this in previous years.

7. Profit after taxation

	2000 £	1999 £
Dealt with in the financial statements of the holding company	508,146	682,199
Retained by subsidiaries	117,688	(524)
	625,834	681,675

8. Dividend

	2000 £	1999 £
Interim dividend 9p per share on all classes of shares	117,000	117,000
Final dividend of 5.81p (1999 3.524p) per share on all classes of shares	75,528	45,807
	192,528	162,807

NOTES ON FINANCIAL STATEMENTS

9. **Tangible fixed assets**

Group	Freehold land and buildings £	Plant, machinery & motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At beginning of period	4,340,599	2,533,416	222,388	7,096,403
Additions	22,257	623,284	4,380	649,921
Disposals	-	(349,772)	-	(349,772)
At end of period	4,362,856	2,806,928	226,768	7,396,552
Depreciation				
At beginning of period	291,135	1,650,614	143,880	2,085,629
Charge for period	42,664	350,859	20,719	414,242
Disposals	-	(345,643)	-	(345,643)
At end of period	333,799	1,655,830	164,599	2,154,228
Net book value				
At beginning of period	4,049,464	882,802	78,508	5,010,774
At end of period	4,029,057	1,151,098	62,169	5,242,324

Fixed assets include items held on finance lease and hire purchase agreements with a net book value of £549,494 (1999 £480,224). These are included under the heading of plant, machinery and motor vehicles.

The depreciation charge for the period in respect of these assets is £122,114 (1999 £125,396).

NOTES ON FINANCIAL STATEMENTS

9. **Tangible fixed assets** (Continued)

Company	Freehold land and buildings	Plant, machinery & motor vehicles	Fixtures, fittings, tools and equipment	Total
	£	£	£	£
Cost				
At beginning of period	4,340,598	176,666	74,879	4,592,143
Additions	22,257	12,000	-	34,257
Disposals	-	(6,400)	-	(6,400)
At end of period	4,362,855	182,266	74,879	4,620,000
Depreciation				
At beginning of period	291,135	56,306	40,283	387,724
Charge for period	42,664	15,663	10,472	68,799
Eliminated on disposals	-	(5,279)	-	(5,279)
At end of period	333,799	66,690	50,755	451,244
Net book value				
At beginning of period	4,049,463	120,360	34,596	4,204,419
At end of period	4,029,056	115,576	24,124	4,168,756

Fixed assets include items held on finance lease and hire purchase agreements with a net book value of £33,286 (1999 £40,981). These are included under the heading of plant, machinery and motor vehicles. The depreciation charge in respect of these assets is £7,694 (1999 £7,680).

NOTES ON FINANCIAL STATEMENTS

10. **Fixed asset investments**

Group and company

	Investments other than loans £	Loan £	Total £
Cost			
1 June 1999	54,625	-	54,625
Additions	44	6,256	6,300
31 May 2000	54,669	6,256	60,925
Net book amount			
31 May 2000	54,669	6,256	60,925
1 June 1999	54,625	-	54,625

During the year Lambert Brothers Haulage Limited acquired a further 441 Ordinary 10p shares in Palletpool Limited. The shares were acquired at par on 27 May 2000. The directors do not consider it prudent to attribute a market value to these shares.

Company
Investment in subsidiaries:

	2000 £	1999 £
Lambert Brothers Haulage Limited		
Shareholding at cost	1,950,001	1,950,001
Less: Dividends received which were paid out of the pre acquisition profits of the subsidiary	(1,599,995)	(1,599,995)
	350,006	350,006
Lambert Brothers Services Limited	100	100
	350,106	350,106

Name	Principal Activity	Class of share	Proportion Held	Aggregate capital & reserves £	Profit for the year £
Lambert Brothers Haulage Limited	Haulage Contractor	£1 Ordinary	100%	888,432	255,688
Lambert Brothers Services Limited	Dormant	£1 Ordinary	100%	100	-

NOTES ON FINANCIAL STATEMENTS

11. **Debtors**

Amounts due within one year	Group		Company	
	2000	**1999**	**2000**	**1999**
	£	£	£	£
Trade debtors	1,308,359	1,229,730	57,082	92,074
Other debtors	29,437	-	848	-
Prepayments and accrued income	176,119	131,520	5,547	7,530
Amounts owed by group undertakings	-	-	495,269	840,930
	1,513,915	1,361,250	558,746	940,534

NOTES ON FINANCIAL STATEMENTS

12. **Creditors**

	Group		Company	
Amounts falling due within one year	**2000** £	**1999** £	**2000** £	**1999** £
Bank loan	900,000	900,000	900,000	900,000
Other loans	230,000	250,000	230,000	250,000
Trade creditors	520,202	427,943	-	-
Proposed dividend	134,028	104,268	134,028	104,268
Hire purchase and finance leases	183,511	154,006	20,242	11,520
Corporation tax	239,393	155,332	161,551	103,523
Other taxation and social security	185,185	186,430	10,716	26,943
Other creditors	267,646	190,599	188,995	94,546
Accruals and deferred income	217,847	250,729	167,495	198,532
	2,877,812	2,619,307	1,813,027	1,689,332
Amounts falling due after more than one year				
Hire purchase and finance leases	249,161	163,677	-	20,243
Maturity of debt:				
In one year or less, or on demand	1,130,000	1,150,000	1,130,000	1,150,000
Obligations under finance leases and hire purchase contracts				
These are repayable over varying periods by monthly instalments as follows:				
In the next year	183,511	154,006	20,242	11,520
In the second to fifth years	249,161	163,677	-	20,243
	432,672	317,683	20,242	31,763

Obligations under finance leases and hire purchase contracts are secured by way of a fixed charge over the individual assets acquired.

NOTES ON FINANCIAL STATEMENTS

12. **Creditors (continued)**

The bank loan is secured by fixed charges on certain of the freehold properties and other specific charges over assets of the group companies as well as floating charges over all other assets and rights. The borrowings are also covered by cross guarantees between the group companies.

Included in other loans is £230,000 (1999 £250,000) due to R Lambert. Interest is payable on this loan at market rate. The loan is repayable on demand.

13. **Provision for liabilities and charges**

	Group		Company	
Deferred taxation:	**2000**	**1999**	**2000**	**1999**
	£	£	£	£
Capital allowances in advance of depreciation	95,841	72,186	22,149	21,900

The movement in the deferred tax provision is reflected in note 6. Deferred taxation has been calculated at 30% (1999 30%).

The provision for deferred taxation does not include £59,823 (1999 £60,547) in respect of a potential liability for industrial buildings allowance timing differences. The directors do not consider that this liability will crystallise in the foreseeable future.

Certain of the company's freehold properties were acquired from Lambert Brothers Haulage Limited as part of a group re-organisation in 1988 at their market value. No capital gains tax is likely to arise if these properties were sold for the value which they are shown at in these accounts.

14. **Share capital**

	Authorised		Issued and fully paid	
	2000	**1999**	**2000**	**1999**
	£	£	£	£
Ordinary shares of £1	975,000	975,000	975,000	975,000
9% convertible cumulative participating preferred ordinary shares of £1	325,001	325,001	325,001	325,001
	1,300,001	1,300,001	1,300,001	1,300,001

Both classes of shares carry the right of one vote for each share held and have equal rights in the event of the company winding up.

NOTES ON FINANCIAL STATEMENTS

15. Shareholders' funds

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
At 1 June 1999	4,204,352	3,685,484	3,921,614	3,402,222
Profit for the year	625,834	681,675	508,146	682,199
Dividends	(192,528)	(162,807)	(192,528)	(162,807)
At 31 May 2000	4,637,658	4,204,352	4,237,232	3,921,614

16. Pension arrangements

The charge for the year in respect of contributions to the defined contribution pension schemes amounted to £53,297 (1999 £44,594). At the year end £Nil (1999 £3,075) contributions payable were included in creditors.

17. Contingent liabilities

The company has guaranteed the bank borrowings of its subsidiary Lambert Brothers Haulage Limited. At 31 May 2000 the bank borrowings of Lambert Brothers Haulage Limited amounted to £Nil (1999 £Nil).

18. Ultimate controlling party

The ultimate controlling party is the director, R M Lambert by virtue of his majority shareholding.

NOTES ON FINANCIAL STATEMENTS

19. **Gross cash flows**

		2000 £		1999 £
Returns on investments and servicing of finance				
Hire purchase interest paid	30,137		26,296	
Interest paid	35,812		60,323	
Interest received	(475)		(1,048)	
		65,474		85,571
Capital Expenditure				
Payments to acquire investments	6,300		32,000	
Payments to acquire tangible fixed assets	320,253		171,819	
Receipts from sales of fixed assets	(50,305)		(23,950)	
		276,248		179,869
Financing				
Debt due within 1 year : loan received		-		50,000
: loan repaid		(20,000)		-
Debt due after 1 year : loan repaid		-		(500,000)
Capital element of finance lease and hire purchase payments		(214,679)		(183,899)
		(234,679)		(633,899)

20. **Analysis of changes in debt**

	At 1 June 1999 £	Cash flows £	Other Non cash changes £	At 31 May 2000 £
Cash at bank and in hand	572,878	431,174	-	1,004,052
Finance leases	(317,683)	214,679	(329,668)	(432,672)
Debt due within 1 year				
- bank loans	(900,000)	-	-	(900,000)
- other loans	(250,000)	20,000	-	(230,000)
Debt due after 1 year				
- bank loans	-	-	-	-
	(894,805)	665,853	(329,668)	(558,620)

21. Major non cash transactions

During the year the group entered into hire purchase agreements with a total capital value at inception of £329,668 (1999 £148,310).