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J Medler Haulage Co Limited**Report and Financial Statements**

Year Ended

31 March 2000

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J Medler Haulage Co Limited

Annual report and financial statements for the year ended 31 March 2000

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Directors

D Medler
CA Medler

Secretary and registered office

JWW Medler, Fircovert Road, Felthorpe, Norwich, NR10 4DT

Company number

2994521

Auditors

BDO Stoy Hayward, 7 The Close, Norwich, Norfolk, NR1 4DP

J Medler Haulage Co Limited

Report of the directors for the year ended 31 March 2000

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

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities, review of business and future developments

The company's principal activity is that of haulage contractors.

On the 19 April 1999 the company purchased certain assets and the steel haulage business of TR Transport (East Anglia) Limited which the directors feel has contributed to the increased turnover achieved in the year. The result for the year has been adversely effected by the amount of goodwill written off but the directors consider that the future profitability of the company will improve as a result of the acquisition.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	£1 ordinary shares fully paid	
	2000	1999
D Medler	60	60
CA Medler	40	40

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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. 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.

J Medler Haulage Co Limited

Report of the directors for the year ended 31 March 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



D Medler
Director

25 October 2000

J Medler Haulage Co Limited**Report of the auditors**

To the shareholders of J Medler Haulage Co Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 7 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

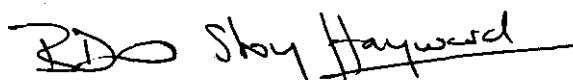
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 company's affairs as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Norwich

25 October 2000

J Medler Haulage Co Limited**Profit and loss account for the year ended 31 March 2000**

	Note	2000 £	1999 £
Turnover	2	1,944,379	1,605,554
Cost of sales		<u>1,720,849</u>	<u>1,376,786</u>
Gross profit		223,530	228,768
Administrative expenses - including exceptional costs of £50,000 (1999 - £NIL)	5	<u>202,418</u>	<u>134,692</u>
		21,112	94,076
Other operating income		<u>15,000</u>	-
Operating profit	3	36,112	94,076
Other interest receivable and similar income	7	45	1,713
Interest payable and similar charges	8	<u>(23,831)</u>	<u>(19,853)</u>
Profit on ordinary activities before taxation		12,326	75,936
Taxation on profit on ordinary activities	9	<u>12,684</u>	<u>16,193</u>
(Loss)/profit on ordinary activities after taxation retained for the year		(358)	59,743
Retained profit brought forward		<u>257,848</u>	<u>198,105</u>
Retained profit carried forward		<u>257,490</u>	<u>257,848</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss/profit for the year.

The comparatives have been amended to reflect consistent disclosure.

The notes on pages 7 to 16 form part of these financial statements.

J Medler Haulage Co Limited

Balance sheet at 31 March 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	11		613,314		553,262
Investments	12		100		100
			613,414		553,362
Current assets					
Stocks	13	37,347		23,109	
Debtors	14	408,355		291,741	
Cash at bank and in hand		11		19,980	
		445,713		334,830	
Creditors: amounts falling due within one year	15	613,486		502,969	
Net current liabilities			(167,773)		(168,139)
Total assets less current liabilities			445,641		385,223
Creditors: amounts falling due after more than one year	16	164,529		103,594	
Provision for liabilities and charges	17	23,522		23,681	
			188,051		127,275
			257,590		257,948
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account			257,490		257,848
Equity shareholders' funds			257,590		257,948

The financial statements were approved by the Board on 25 October 2000


 D Medler
 Director

The notes on pages 7 to 16 form part of these financial statements.

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Goodwill

Goodwill arising on an acquisition of a trade is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 0 to 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Lorries	- 20% to 25% per annum
Trailers	- 10% per annum
Plant and machinery	- 10% to 20% per annum
Motor vehicles	- 25% per annum
Office Equipment	- 20% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

This is arrived at after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets	199,723	166,083
Amortisation of goodwill - exceptional costs	50,000	-
Auditors remuneration	4,425	4,300

Depreciation includes £75,699 (1999 - £66,030) charged on assets held under finance leases and hire purchase contracts.

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

4 Employees

Staff costs (including directors) consist of:

	2000	1999
	£	£
Wages and salaries	454,921	377,927
Social security costs	43,684	38,744
Other pension costs	4,450	3,906
	503,055	420,577

The average number of employees (including directors) during the year was as follows:

	2000	1999
	Number	Number
Drivers	17	15
Mechanics	2	2
Administration	3	3
	22	20

5 Exceptional item

On the 19 April 1999 the company purchased certain assets and the steel haulage business of TR Transport (East Anglia) Limited, a haulage contractor for a consideration of £150,000 including goodwill amounting to £50,000. The goodwill was fully written off in the year (See note 10).

It is not practical to show the impact of the acquisition on the company's result for the year which contributed £283,000 to turnover.

6 Directors' remuneration

	2000	1999
	£	£
Directors' emoluments	52,246	38,903

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

7 Other interest receivable and similar income

	2000 £	1999 £
Bank deposits	45	1,713
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2000 £	1999 £
On bank overdrafts repayable within five years not by instalment	5,533	732
On loans repayable within five years by instalments	2,016	4,956
On finance leases terminating within five years	16,282	14,165
	<u> </u>	<u> </u>
	23,831	19,853
	<u> </u>	<u> </u>

9 Taxation on profit on ordinary activities

	2000 £	1999 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	12,809	14,641
Transfer (from)/to deferred taxation account	(159)	1,552
	<u> </u>	<u> </u>
	12,650	16,193
<i>Prior years</i>		
UK Corporation tax	34	-
	<u> </u>	<u> </u>
	12,684	16,193
	<u> </u>	<u> </u>

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

10 Intangible assets

	Purchased goodwill £
<i>Cost</i>	
At 1 April 1999	-
Additions	50,000
At 31 March 2000	50,000
<i>Amortisation</i>	
At 1 April 1999	-
Provided for the year	50,000
At 31 March 2000	50,000
<i>Net book value</i>	
At 31 March 2000	-
At 31 March 1999	-

J Medler Haulage Co Limited**Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)****11 Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 April 1999	68,573	916,138	984,711
Additions	1,870	275,933	277,803
Disposals	(938)	(20,500)	(21,438)
At 31 March 2000	69,505	1,171,571	1,241,076
<i>Depreciation</i>			
At 1 April 1999	22,027	409,422	431,449
Provided for the year	16,973	182,750	199,723
Disposals	(938)	(2,472)	(3,410)
At 31 March 2000	38,062	589,700	627,762
<i>Net book value</i>			
At 31 March 2000	31,443	581,871	613,314
At 31 March 1999	46,546	506,716	553,262

The net book value of fixed assets include an amount of £242,260 (1999: £137,727) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £75,699 (1999: £66,030).

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

12 Fixed asset investments

	Other £
<i>Cost</i>	
At 1 April 1999 and 31 March 2000	100
<i>Net book value</i>	—
At 31 March 1999 and 31 March 2000	100
	==
Unlisted investments at cost.	

13 Stocks

	2000 £	1999 £
Consumables	37,264	22,762
Goods held for resale	83	347
	==	==
	37,347	23,109
	==	==

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	2000 £	1999 £
Trade debtors	374,396	265,198
Other debtors	145	1,448
Prepayments and accrued income	33,814	25,095
	==	==
	408,355	291,741
	==	==

All amounts fall due for payment within one year.

Included within prepayments is £5,744 (1999: £5,016) in respect of pension contributions.

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

15 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts (secured)	58,688	41,264
Trade creditors	185,709	108,164
Taxation and social security	70,722	47,778
Corporation tax	12,809	14,641
Obligations under finance lease and hire purchase contracts	63,519	58,096
Other creditors	150,394	166,941
Other loans	22,500	33,750
Accruals and deferred income	49,145	32,335
	<u>613,486</u>	<u>502,969</u>

The bank overdraft facility is secured by a guarantee from J Medler Limited of £100,000 and unlimited personal guarantees from the directors.

Included in other creditors above are directors loans payable to:

	2000 £	1999 £
D Medler	129,913	138,195
CA Medler	19,983	28,539
	<u>149,896</u>	<u>166,734</u>

16 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Other loans	-	22,500
Obligations under finance lease and hire purchase contracts	164,529	81,094
	<u>164,529</u>	<u>103,594</u>

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

16 Creditors: amounts falling due after more than one year (Continued)

Maturity of debt:

	Finance Leases		Other debt		Total	
	2000 £	1999 £	2000 £	1999 £	2000 £	1999 £
In one year or less, or on demand	63,519	58,096	22,500	33,750	86,019	91,846
In more than two years but not more than five years	164,529	81,094	-	22,500	164,529	103,594
	<u>228,048</u>	<u>139,190</u>	<u>22,500</u>	<u>56,250</u>	<u>250,548</u>	<u>195,440</u>

The other loan is secured by a chattel mortgage on two heavy goods vehicles.

17 Provision for liabilities and charges

	Deferred taxation	
	£	
At 31 March 1999	23,681	
Charged to profit and loss account	(159)	
	<u>23,522</u>	
At 31 March 2000	<u>23,522</u>	
Deferred taxation		
	Provided	
	2000	1999
	£	£
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	23,522	23,681
	<u>23,522</u>	<u>23,681</u>

There is no unprovided deferred tax.

J Medler Haulage Co Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

18 Share capital

	Authorised	Allotted, called up and fully paid
	2000	1999
	£	£
<i>Equity share capital</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

19 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,450 (1999: £3,906).

20 Related party disclosures

Controlling parties

The company is controlled by Mr D Medler, the majority shareholder.

Related party transactions and balances

During the year the company entered into sales transactions equating to £626,407 with J Medler Limited, a company in which Mr D Medler is a director and owns 15% of the issued share capital. The net amount owed by J Medler Limited as at 31 March 2000 is £76,928.

The company also owes an amount of £22,500 being a loan received from J Medler Limited. Interest is paid at the bank base rate and amounted to £2,016.

J Medler Haulage Co Limited charged J Medler Limited £15,000 for services provided and paid £7,200 for services received.

On 1 February 1996 J Medler Limited entered into a bank guarantee for the sum of £100,000 in favour of J Medler Haulage Co Limited supported by an unlimited guarantee from D Medler and CA Medler directors of the company.