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MAINSTREAM FLEET LIMITED
FINANCIAL STATEMENTS
30TH SEPTEMBER 1998

Company Registration Number 3365607

MACINTYRE HUDSON
Chartered Accountants & Registered Auditor
Euro House
1394 High Road
London N20 9YZ
FPARTNERSWACCONTS99811100.ACC



MAINSTREAM FLEET LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr C G Cox Mr S Histed Mr A M Cox
Company secretary	Mr C G Cox
Registered office	Euro House 1394 High Road London N20 9YZ
Auditors	MacIntyre Hudson Chartered Accountants & Registered Auditor Euro House 1394 High Road London N20 9YZ
Bankers	Barclays Bank Plc 852/858 High Road Tottenham London N17 OHA

MAINSTREAM FLEET LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

The directors present their report and the financial statements of the company for the period from 6th May 1997 to 30th September 1998.

PRINCIPAL ACTIVITIES

The company was incorporated, as Mainstream Haulage Limited, on 6th May 1997 and commenced trading on 1st October 1997. On 3rd October 1997 the company changed its name to Mainstream Fleet Limited. The principal activity of the company during the period was that of motor vehicle recovery and repair specialists, trading under the style of "C & S Motors".

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period were as follows:

Mr C G Cox	(Appointed 28 Jun 97)
Mr S Histed	(Appointed 28 Jun 97)
Mr A M Cox	(Appointed 22 Jul 98)
Chettleburgh's Limited	(Served from 6 May 97 to 28 Jun 97).

The Directors interests in the share capital of the ultimate parent company, Trunkline Holdings Limited, are shown in the financial statements of that company.

DONATIONS

During the period the company made charitable contributions of £3,070.

AUDITORS

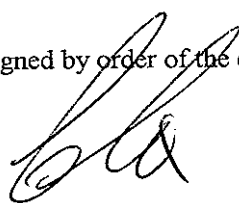
A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

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:
Euro House
1394 High Road
London
N20 9YZ

Signed by order of the directors


Mr C G Cox
Company Secretary

Approved by the directors on 25/12/1999

MAINSTREAM FLEET LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

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 page 7, 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.

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.

MAINSTREAM FLEET LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, 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

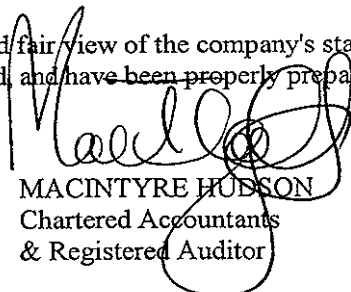
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 company's state of affairs as at 30th September 1998 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Euro House
1394 High Road
London N20 9YZ



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditor

25th February 1999

MAINSTREAM FLEET LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

	£
TURNOVER	1,952,784
Cost of sales	<u>1,418,705</u>
GROSS PROFIT	534,079
Administrative expenses	579,628
Other operating income	<u>(49,717)</u>
OPERATING PROFIT	1 4,168
Interest receivable	156
Interest payable	<u>(5,036)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(712)
Tax on loss on ordinary activities	-
LOSS FOR THE FINANCIAL PERIOD	<u><u>(712)</u></u>

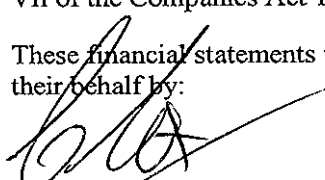
The accounting policies and notes on pages 7 to 11 form part of these financial statements.

MAINSTREAM FLEET LIMITED**BALANCE SHEET****30TH SEPTEMBER 1998**

		£	£
FIXED ASSETS			
Tangible assets	3		91,973
CURRENT ASSETS			
Debtors	4	310,360	
Cash at bank and in hand		95,475	
		<u>405,835</u>	
CREDITORS: Amounts falling due within one year	5	<u>(415,655)</u>	
NET CURRENT LIABILITIES			<u>(9,820)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			82,153
CREDITORS: Amounts falling due after more than one year	6		<u>(82,765)</u>
			<u>(612)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9		100
Profit and loss account			<u>(712)</u>
DEFICIENCY(all equity interests)			<u>(612)</u>

These accounts 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.

These financial statements were approved by the directors on the 25/2/99 and are signed on their behalf by:


MR C G COX
Director

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

MAINSTREAM FLEET LIMITED

ACCOUNTING POLICIES

PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

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.

Turnover

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

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	- 25% reducing balance
Motor Vehicles	- 33.3% on cost

Hire purchase agreements

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.

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 as incurred.

Pension costs

The company also operates a non-contributory pension scheme which is administered by trustees independent of the company's finances and is fully funded. Contributions are paid into the Scheme in accordance with the recommendations of independent actuaries. The contributions are charged against the profits in the year in which they are made and there were no outstanding or prepaid contributions at the balance sheet date.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

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.

MAINSTREAM FLEET LIMITED

NOTES TO THE FINANCIAL STATEMENTS PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

1. OPERATING PROFIT OR LOSS

Operating profit or loss is stated after charging:

	£
Staff pension contributions	2,723
Depreciation	33,816
Loss on disposal of fixed assets	3,568
Auditors' fees	2,800
Net loss on foreign currency translation	<u>831</u>

2. DIRECTORS' EMOLUMENTS

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

	£
Aggregate emoluments	61,635
Value of company pension contributions to money purchase schemes	<u>16,059</u>
	<u>77,694</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

Money purchase schemes	<u>3</u>
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3. TANGIBLE FIXED ASSETS

	Plant & Equipment £	Motor Vehicles £	Total £
COST			
Additions	49,874	123,850	173,724
Disposals	-	(47,935)	(47,935)
At 30th September 1998	<u>49,874</u>	<u>75,915</u>	<u>125,789</u>
DEPRECIATION			
Charge for the period	8,511	25,305	33,816
At 30th September 1998	<u>8,511</u>	<u>25,305</u>	<u>33,816</u>
NET BOOK VALUE			
At 30th September 1998	<u>41,363</u>	<u>50,610</u>	<u>91,973</u>

MAINSTREAM FLEET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998****3. TANGIBLE FIXED ASSETS** *(continued)***Hire purchase agreements**

Included within the net book value of £91,973 is £20,000 relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £10,000.

4. DEBTORS

	£
Trade debtors	274,480
Amounts owed by group undertakings	11,887
Other debtors	7,148
Prepayments and accrued income	16,845
	<u>310,360</u>

5. CREDITORS: Amounts falling due within one year

	£	£
Bank loans and overdrafts		13,090
Trade creditors		140,212
Amounts owed to group undertakings		182,290
Other creditors including:		
PAYE and social security	21,324	
VAT	19,101	
Hire purchase agreements	17,328	
Other creditors	10,916	
		<u>68,669</u>
Accruals and deferred income		11,394
		<u>415,655</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	£
Bank loans and overdrafts	<u>13,090</u>

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

	£	£
Hire purchase agreements	11,765	
Pension Scheme Loan	<u>71,000</u>	
		<u>82,765</u>

MAINSTREAM FLEET LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998

6. CREDITORS: Amounts falling due after more than one year *(continued)*

Included within creditors falling due after more than one year is an amount of £71,000 which falls due for payment after more than five years from the balance sheet date.

7. CONTINGENCIES

A contingent liability exists in respect of a cross guarantee, between the company and other members of the group, given to the company's bankers. At 30th September 1998, this amounted to £nil.

8. RELATED PARTY TRANSACTIONS

The company was, through its parent company, under the control of the Trustees of the Christopher George Cox Discretionary Settlement of 29th June 1997, throughout the period. The Settlement has an interest in 75% of the parent company's issued share capital.

During the period, the company traded with fellow subsidiaries as follows:-

	Trunkline Recovery Limited £	Settlements Fulfilled Limited £
Management charges receivable	(49,717)	
Vehicle hire charges	131,400	
Vehicle expenses recovered	(198,868)	
Labour charges		252,136

The company also purchased fixed assets for £15,000, at fair value, from a fellow subsidiary.

The company also received a loan during the current year of £71,000 from The Cox Pension Scheme, of which Mr C.G.Cox and Mr A.M.Cox who are directors, are also trustees. Interest on the loan of £1,332 has been included in these financial statements.

MAINSTREAM FLEET LIMITED**NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 6TH MAY 1997 TO 30TH SEPTEMBER 1998****9. SHARE CAPITAL**

Authorised share capital:

£

100 Ordinary shares of £1 each

100

Allotted, called up and fully paid:

£

Issue of ordinary shares

100**10. ULTIMATE PARENT COMPANY**

In the opinion of the Directors the company's ultimate parent company is Trunkline Holdings Limited, a company registered in England.