

Company Registration No. 3746821 (England and Wales)

PARSONS NATIONWIDE DISTRIBUTION LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2000



PARSONS NATIONWIDE DISTRIBUTION LTD

COMPANY INFORMATION

Directors	P R Hoskin	(Appointed 7 April 1999)
	Mrs N A Hoskin	(Appointed 7 April 1999)

Secretary	Mrs N A Hoskin
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Company number	3746821
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Registered office	Lower Hawkerland Aylesbeare Devon
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Auditors	John Redwood, Lower Hawkerland, Aylesbeare, Devon EX5 2JJ
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Bankers	Barclays Bank plc. 20 High Street Exeter Devon
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PARSONS NATIONWIDE DISTRIBUTION LTD

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PARSONS NATIONWIDE DISTRIBUTION LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2000

The directors present their report and financial statements for the period ended 31 March 2000.

Principal activities and review of the business

The company was incorporated on 7th April 1999 and commenced trading on 1st May 1999 when the business of R J Parsons & Son was transferred to the company. The principal activity of the company is that of haulage, distribution and storage.

This has been a difficult period following incorporation of the business. The transition from the former partnership has produced administrative difficulties which has hampered development and increased costs.

Results and dividends

The results for the period are set out on page 4.

The directors do not recommend the payment of any dividends on the ordinary shares.

Future developments

The directors are confident that the early difficulties have now been overcome and are looking to consolidate during the next year. An overnight pallet distribution network is being developed, which is expected to increase trade significantly.

Directors

The following directors have held office since 7 April 1999:

P R Hoskin	(Appointed 7 April 1999)
Mrs N A Hoskin	(Appointed 7 April 1999)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 2000	7 April 1999
P R Hoskin	50	-
Mrs N A Hoskin	50	-

Auditors

John Redwood, was appointed auditor to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that he be re-appointed will be put to the Annual General Meeting.

PARSONS NATIONWIDE DISTRIBUTION LTD

DIRECTORS' REPORT (CONTINUED) **FOR THE PERIOD ENDED 31 MARCH 2000**

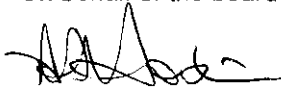
Directors' responsibilities

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 judgements 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.

On behalf of the board



Mrs N A Hoskin

Director

7 December 2000

PARSONS NATIONWIDE DISTRIBUTION LTD

AUDITORS' REPORT TO THE SHAREHOLDERS OF PARSONS NATIONWIDE DISTRIBUTION LTD

I have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

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

Basis of opinion

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental Uncertainty

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because the company's liabilities exceed its assets by £37,465 at 31st March 2000. The directors have obtained long term finance. The company is dependant upon the continued support of its bankers. The current facilities have been renewed until June 2001. The directors have assured me that they are confident of the future prospects of the company and that provided current profit levels can be maintained the company should be able to continue trading. The financial statements do not include any adjustments that would result if the company were unable to continue trading. My opinion is not qualified in this respect.

Opinion

In my 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 period then ended and have been properly prepared in accordance with the Companies Act 1985.

John Redwood,

Chartered Certified Accountants
Registered Auditor

7 December 2000

Lower Hawkerland,
Aylesbeare,
Devon
EX5 2JJ

PARSONS NATIONWIDE DISTRIBUTION LTD

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2000

	Notes	Period ended 31 March 2000 £
Turnover	2	2,580,064
Cost of sales		(1,260,743)
Gross profit		1,319,321
Administrative expenses		(1,270,014)
Operating profit	3	49,307
Interest payable and similar charges	4	(86,761)
Loss on ordinary activities before taxation		(37,454)
Tax on loss on ordinary activities	5	(111)
Loss on ordinary activities after taxation	13	(37,565)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

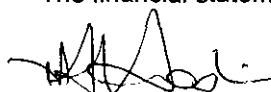
There are no recognised gains and losses other than those passing through the profit and loss account.

PARSONS NATIONWIDE DISTRIBUTION LTD

BALANCE SHEET AS AT 31 MARCH 2000

	Notes	2000 £	£
Fixed assets			
Tangible assets	6		1,659,836
Current assets			
Stocks	7	81,408	
Debtors	8	463,387	
Cash at bank and in hand		30	
		<u>544,825</u>	
Creditors: amounts falling due within one year	9	(1,252,202)	
		<u></u>	
Net current liabilities			(707,377)
Total assets less current liabilities			<u>952,459</u>
Creditors: amounts falling due after more than one year	10		(859,070)
Provisions for liabilities and charges	11		(130,854)
			<u>(37,465)</u>
Capital and reserves			
Called up share capital	12		100
Profit and loss account	13		(37,565)
Shareholders' funds - equity interests	14		<u>(37,465)</u>

The financial statements were approved by the Board on 7 December 2000



Mrs N A Hoskin
Director

PARSONS NATIONWIDE DISTRIBUTION LTD

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2000

		Period ended 31 March 2000 £
Net cash inflow/(outflow) from operating activities		418,416
Returns on investments and servicing of finance		
Interest paid	(86,761)	
Net cash outflow for returns on investments and servicing of finance		(86,761)
Taxation		130,743
Capital expenditure		
Payments to acquire tangible assets	(1,097,492)	
Receipts from sales of tangible assets	43,500	
Net cash outflow for capital expenditure		(1,053,992)
Net cash outflow before management of liquid resources and financing		(591,594)
Financing		
Issue of ordinary share capital	100	
New long term bank loan	500,000	
Repayment of long term bank loan	(29,711)	
Capital element of hire purchase contracts	(214,714)	
Net cash inflow/(outflow) from financing		255,675
Decrease in cash in the period		(335,919)

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2000

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000
		£
	Operating profit/(loss)	49,307
	Depreciation of tangible assets	270,744
	Loss on disposal of tangible assets	8,164
	(Increase)/decrease in stocks	(81,408)
	Increase in debtors	(463,387)
	Increase in creditors within one year	634,996
	Net cash inflow/(outflow) from operating activities	418,416

2	Analysis of net debt	7 April 1999	Cash flow	Other non-cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	-	30	
	Bank overdrafts	-	(335,949)	
		-	(335,919)	
	Debt:			
	Finance leases	-	214,714	(884,752)
	Debts falling due within one year	-	(51,775)	-
	Debts falling due after one year	-	(418,514)	-
		-	(255,575)	(884,752)
	Net debt	-	(591,494)	(884,752)

3	Reconciliation of net cash flow to movement in net debt	2000
		£
	Decrease in cash in the period	(335,919)
	Cash inflow from increase in debt and lease financing	(255,575)
	Change in net debt resulting from cash flows	(591,494)
	New finance lease	(884,752)
	Movement in net debt in the period	(1,476,246)
	Opening net debt	-
	Closing net debt	(1,476,246)

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation has been apportioned pro rata in respect of acquisitions of commercial vehicles and trailers during the period. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15/20% - reducing balance basis
Commercial vehicles & trailers	15/20% - reducing balance basis
Motor vehicles	20% - reducing balance basis

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

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

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

2000

£

Operating profit is stated after charging:

Depreciation of tangible assets	270,744
Operating lease rentals	
- Plant and machinery	4,485
Auditors' remuneration	5,400

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

4	Interest payable	2000
		£
	On bank loans and overdrafts	49,891
	Hire purchase interest	36,870
		86,761
5	Taxation	2000
		£
	U.K. current year taxation	
	Deferred taxation	111

No corporation tax charge arises due to the availability of corporation tax losses arising during the period.

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

6 Tangible fixed assets

	Plant and machinery	Commercial vehicles & trailers	Motor vehicles	Total
	£	£	£	£
Cost				
At 7 April 1999	-	-	-	-
Additions	85,675	1,867,159	29,410	1,982,244
Disposals	-	(51,664)	-	(51,664)
At 31 March 2000	85,675	1,815,495	29,410	1,930,580
Depreciation				
At 7 April 1999	-	-	-	-
Charge for the period	12,712	252,641	5,391	270,744
At 31 March 2000	12,712	252,641	5,391	270,744
Net book value				
At 31 March 2000	72,963	1,562,854	24,019	1,659,836

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Commercial vehicles & trailers	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 March 2000	14,822	924,869	12,074	951,765
Depreciation charge for the period				
31 March 2000	3,328	122,745	2,710	128,783

7 Stocks

	2000 £
Finished goods and goods for resale	81,408

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

8 Debtors	2000
	£
Trade debtors	381,862
Other debtors	23,127
Prepayments and accrued income	58,398
	<u>463,387</u>
	<u><u>463,387</u></u>
9 Creditors: amounts falling due within one year	2000
	£
Bank loans and overdrafts	387,724
Net obligations under hire purchase contracts	229,482
Trade creditors	281,073
Taxes and social security costs	69,796
Directors' current accounts	221,877
Other creditors	7,263
Accruals and deferred income	54,987
	<u>1,252,202</u>
	<u><u>1,252,202</u></u>

The bank loan and overdraft have been secured by a debenture over the company's assets, together with a first legal charge over freehold land owned by the directors.

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

10 Creditors: amounts falling due after more than one year	2000
	£
Bank loans	418,514
Net obligations under hire purchase contracts	440,556
	<u>859,070</u>
Analysis of loans	
Not wholly repayable within five years by instalments:	470,289
	<u>470,289</u>
Included in current liabilities	(51,775)
	<u>418,514</u>
Instalments not due within five years	<u>159,639</u>
Loan maturity analysis	
Between one and two years	51,775
Between two and five years	207,100
In five years or more	<u>159,639</u>
Net obligations under hire purchase contracts	
Repayable within one year	229,482
Repayable between one and five years	440,556
	<u>670,038</u>
Included in liabilities falling due within one year	(229,482)
	<u>440,556</u>

The bank loan is due for repayment on 30th April 2009. Interest is currently being charged at 2.5% over Barclays Bank base rate for the first three years.

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

11 Provisions for liabilities and charges

Deferred
taxation
£

Profit and loss account	130,854
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Deferred tax is provided at 20% analysed over the following timing differences:

Fully
provided
2000
£

Accelerated capital allowances	130,854
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12 Share capital

2000
£

Authorised

1,000 Ordinary shares of £1 each	1,000
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Allotted, called up and fully paid

100 Ordinary shares of £1 each	100
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During the year 100 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.

13 Statement of movements on profit and loss account

Profit and
loss account
£

Retained loss for the period	(37,565)
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14 Reconciliation of movements in shareholders' funds

2000
£

Loss for the financial period	(37,565)
Proceeds from issue of shares	100

Net depletion in shareholders' funds	(37,465)
Opening shareholders' funds	-

Closing shareholders' funds	(37,465)
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PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

15 Financial commitments

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £
Expiry date:	
Between two and five years	2,316

Some of the plant hire costs represents short term hire of vehicles and other equipment on a daily basis as the need arises. At the balance sheet date the company was not committed to any short term hire agreements.

16 Directors' emoluments

	2000 £
Emoluments for qualifying services	17,529

17 Transactions with directors

The company's operational base is Aylesbeare Common Business Park, Aylesbeare, Devon. The land and buildings are owned personally by P R Hoskin and Mrs N A Hoskin, the company's directors and shareholders. No rent or service charge has been paid by the company.

The directors are also partners in The Hoskin Farm Partnership and controlling directors in Cat & Fiddle Leisure Ltd. Shared administration charges have been recharged to these two businesses at their cost to the company.

During the year the directors took out a personal loan of £124,950 through Birmingham & Mid-Shires. The funds were introduced as a loan to the company and no interest has been paid to the directors. The total directors loan at 31st March 2000 was £221,877.

PARSONS NATIONWIDE DISTRIBUTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2000

18 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2000 Number
Distribution and warehousing	56
Office and administration (including directors)	7
	<u>63</u>

Employment costs

	£
Wages and salaries	782,845
Social security costs	63,637
	<u>846,482</u>