

AUDITORS' REPORT TO THE DIRECTORS OF

HAULAGE EXPRESS LIMITED

PURSUANT TO SECTION 247B OF THE COMPANIES ACT, 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the financial statements of Haulage Express Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st March 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to prepare abbreviated accounts and whether they have been properly prepared in accordance with that Schedule.

Basis of opinion

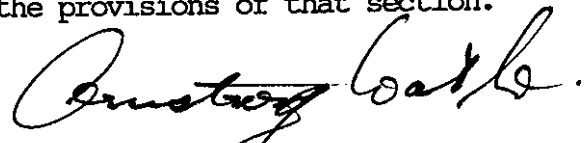
We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions claimed in the director's statement on page 2 and that the abbreviated accounts have been properly prepared from those financial statements.

Opinion

In our opinion the company is entitled under sections 246, 247, 247A and 249 of the Companies Act 1985 to the exemptions conferred by Section 246(5) and (6) of that Act, in respect of the year ended 31st March 1997 and that the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with the provisions of that section.

CARLISLE

DATE. *1st September, 1997.*



ARMSTRONG WATSON & CO.,
Chartered Accountants
and Registered Auditor.

HAULAGE EXPRESS LIMITEDABBREVIATED BALANCE SHEET AS AT 31ST MARCH 1997

		<u>1997</u>	<u>1996</u>
		£	£
	<u>Notes</u>		
FIXED ASSETS			
Tangible Assets	2	279,488	366,666
Investment	3	2	-
CURRENT ASSETS		279,490	366,666
Stocks		5,000	-
Debtors		277,456	259,440
Cash at bank and in hand		-	17,687
		282,456	277,127
CREDITORS (Amounts falling due within one year)		(445,610)	(471,082)
NET CURRENT LIABILITIES		(163,154)	(193,955)
TOTAL ASSETS LESS CURRENT LIABILITIES		116,336	172,711
CREDITORS (Amounts falling due after more than one year)		(19,912)	(98,157)
PROVISIONS FOR LIABILITIES AND CHARGES		(2,366)	(2,721)
		£94,058	£71,833
<u>CAPITAL AND RESERVES</u>			
Share capital	5	1,000	1,000
Profit and Loss Account		93,058	70,833
SHAREHOLDERS' FUNDS		£94,058	£71,833

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 28th August 1997 and signed on its behalf by

B.C. PROUDFOOT

W.J. PROUDFOOT

} *B.C. Proudfoot*
 } Directors
 } *W.J. Proudfoot*

The notes on pages 3 and 4 form part of these accounts.

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

Accounting Convention

The accounts are prepared under the historical cost convention.

Basis of preparation of accounts

The financial statements contain information about Haulage Express Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Sections 248 and 249 of the Companies Act, 1985, from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small sized group.

Depreciation

Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The rates used are as follows:-

Office Equipment	20% straight line
Motor vehicles	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value.

Hire purchase commitments

Assets obtained under hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element is charged to the profit and loss account over the period of the agreement and represents a constant proportion of the balance of capital repayments outstanding.

Deferred taxation

Deferred taxation is provided for future liabilities resulting from the difference between the treatment of items in the accounts and their treatment for taxation purposes, except to the extent that these liabilities are not regarded as likely to become payable in the foreseeable future.

The amounts provided have been calculated at the proposed corporation tax rates for the periods when the liabilities are estimated to crystallise.

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 19972. TANGIBLE FIXED ASSETS

	<u>Total</u> £
<u>Cost</u>	
At 01/04/96	719,082
Additions	11,149
Disposals	(13,406)
At 31/03/97	716,825
<u>Depreciation</u>	
At 01/04/96	352,416
Charge for year	93,161
On Disposals	(8,240)
At 31/03/97	437,337
<u>Net Book Value</u>	
At 31/03/97	£279,488
At 31/03/96	£366,666

3. INVESTMENTSGroup Undertakings

	<u>Shares in</u> <u>Subsidiary</u> <u>Company</u> £
<u>Cost</u>	
At 01/04/96	-
Additions	2
At 31/03/97	£2

On 21st March 1997, Haulage Express Limited acquired 100% of the ordinary share capital of F.P.(Services) Limited, a company incorporated in England. The company did not trade during the period. Its aggregate share capital and reserves are £2.

4. SECURED CREDITOR

Hire purchase creditors amounting to £93,336 (1996 - £227,243) are secured on the relevant assets.

5. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Issued and</u> <u>Fully Paid</u>	
	<u>1997</u> £	<u>1996</u> £	<u>1997</u> £	<u>1996</u> £
Ordinary Shares of £1 each	£1,000	£1,000	£1,000	£1,000

6. PARENT UNDERTAKING

The directors consider Fred Proudfoot Limited, a company registered in England and Wales, to be the ultimate parent undertaking.