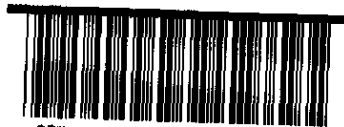


Report of the Directors and
Financial Statements for the Year Ended 30 April 2003
for
Caledonian Logistics Limited

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Caledonian Logistics Limited

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for the Year Ended 30 April 2003

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Caledonian Logistics Limited

**Company Information
for the Year Ended 30 April 2003**

DIRECTORS:

D Mitchell
M Burnett
W Anderson

SECRETARY:

Aberdein Considine & Co.

REGISTERED OFFICE:

8 & 9 Bon Accord Crescent
Aberdeen
AB11 6DN

REGISTERED NUMBER:

192621 (Scotland)

AUDITORS:

Atholl Scott
Chartered Accountants
Registered Auditors
Victoria House
13 Victoria Street
ABERDEEN
AB10 1XB

Caledonian Logistics Limited

**Report of the Directors
for the Year Ended 30 April 2003**

The directors present their report with the financial statements of the company for the year ended 30 April 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of storage facilities and distribution and transport operations.

DIRECTORS

The directors during the year under review were:

D Mitchell
M Burnett
W Anderson

The beneficial interests of the directors holding office on 30 April 2003 in the issued share capital of the company were as follows:

	30.4.03	1.5.02
Ordinary £1 shares		
D Mitchell	38,572	38,572
M Burnett	21,428	21,428
W Anderson	15,000	15,000

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 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.

AUDITORS

The auditors, Atholl Scott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
D Mitchell - DIRECTOR

Dated: 15 AUGUST 2003

Caledonian Logistics Limited

**Report of the Independent Auditors to the Shareholders of
Caledonian Logistics Limited**

We have audited the financial statements of Caledonian Logistics Limited for the year ended 30 April 2003 on pages five to twelve. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. The directors have made reference in their report to a distribution made out of capital in contravention of the Companies Acts. Our examination of post year end trading confirms the directors' assertion that the deficit has been largely addressed by profitable trading. Our opinion is not qualified in this respect.

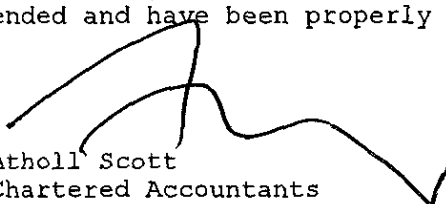
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Caledonian Logistics Limited

Report of the Independent Auditors to the Shareholders of
Caledonian Logistics Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Atholl Scott
Chartered Accountants
Registered Auditors
Victoria House
13 Victoria Street
ABERDEEN
AB10 1XB

Dated: 15 AUGUST 2003

Caledonian Logistics Limited

**Profit and Loss Account
for the Year Ended 30 April 2003**

		30.4.03		30.4.02	
	Notes	£	£	£	£
TURNOVER			2,741,053		2,467,721
Cost of sales			1,716,204		1,549,091
GROSS PROFIT			1,024,849		918,630
Distribution costs		-		1,528	
Administrative expenses		832,067		664,492	
			832,067		666,020
OPERATING PROFIT	2		192,782		252,610
Interest receivable and similar income			654		156
			193,436		252,766
Interest payable and similar charges			93,567		35,623
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			99,869		217,143
Tax on profit on ordinary activities	3		40,113		35,222
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			59,756		181,921
Dividends	4		73,000		40,000
			(13,244)		141,921
Retained profit brought forward			211,882		69,961
RETAINED PROFIT CARRIED FORWARD			£198,638		£211,882

The notes form part of these financial statements

Caledonian Logistics Limited

**Balance Sheet
30 April 2003**

		30.4.03		30.4.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		1,482,179		339,435
CURRENT ASSETS:					
Stocks		3,760		-	
Debtors	6	639,449		622,993	
Cash at bank and in hand		297		140,380	
		<u>643,506</u>		<u>763,373</u>	
CREDITORS: Amounts falling due within one year	7	<u>699,403</u>		<u>584,422</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(55,897)</u>		<u>178,951</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,426,282		518,386
CREDITORS: Amounts falling due after more than one year	8		(1,127,232)		(231,504)
PROVISIONS FOR LIABILITIES AND CHARGES:	11		(25,412)		17,100
			<u>£273,638</u>		<u>£286,882</u>
CAPITAL AND RESERVES:					
Called up share capital	12		75,000		75,000
Profit and loss account			198,638		211,882
SHAREHOLDERS' FUNDS:			<u>£273,638</u>		<u>£286,882</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

.....
M Burnett - DIRECTOR

.....
W Anderson - DIRECTOR

Approved by the Board on 15 AUGUST 2003

The notes form part of these financial statements

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts receivable for services supplied during the year, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.4.03	30.4.02
	£	£
Depreciation - owned assets	43,068	6,170
Depreciation - assets on hire purchase contracts or finance leases	105,924	106,984
Loss/(Profit) on disposal of fixed assets	10,422	(850)
Auditors' remuneration	4,500	4,000
Pension costs	16,080	8,615
	<u>143,368</u>	<u>112,000</u>
Directors' emoluments and other benefits etc	<u>143,368</u>	<u>112,000</u>

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	30.4.03	30.4.02
	£	£
Current tax:		
UK corporation tax	14,701	35,222
Deferred tax:		
Deferred taxation	25,412	-
Tax on profit on ordinary activities	<u>40,113</u>	<u>35,222</u>

UK corporation tax was charged at 20% in 2002.

4. DIVIDENDS

	30.4.03	30.4.02
	£	£
Dividends	<u>73,000</u>	<u>40,000</u>

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

5. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings
	£	£	£
COST:			
At 1 May 2002	-	-	10,518
Additions	1,024,605	2,332	27,080
At 30 April 2003	1,024,605	2,332	37,598
DEPRECIATION:			
At 1 May 2002	-	-	2,630
Charge for year	30,738	490	7,259
At 30 April 2003	30,738	490	9,889
NET BOOK VALUE:			
At 30 April 2003	993,867	1,842	27,709
At 30 April 2002	-	-	7,888

	Motor vehicles	Office equipment	Totals
	£	£	£
COST:			
At 1 May 2002	518,389	23,533	552,440
Additions	287,797	19,238	1,361,052
Disposals	(182,615)	-	(182,615)
At 30 April 2003	623,571	42,771	1,730,877
DEPRECIATION:			
At 1 May 2002	200,633	9,742	213,005
Charge for year	104,296	6,209	148,992
Eliminated on disposals	(113,299)	-	(113,299)
At 30 April 2003	191,630	15,951	248,698
NET BOOK VALUE:			
At 30 April 2003	431,941	26,820	1,482,179
At 30 April 2002	317,756	13,791	339,435

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

5. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor vehicles	Office equipment	Totals
	£	£	£
COST:			
At 1 May 2002	517,202	5,600	522,802
Additions	279,897	11,430	291,327
Disposals	(178,965)	-	(178,965)
At 30 April 2003	<u>618,134</u>	<u>17,030</u>	<u>635,164</u>
DEPRECIATION:			
At 1 May 2002	199,982	1,869	201,851
Charge for year	103,086	2,838	105,924
Eliminated on disposals	(112,524)	-	(112,524)
At 30 April 2003	<u>190,544</u>	<u>4,707</u>	<u>195,251</u>
NET BOOK VALUE:			
At 30 April 2003	<u>427,590</u>	<u>12,323</u>	<u>439,913</u>
At 30 April 2002	<u>317,220</u>	<u>3,731</u>	<u>320,951</u>

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.4.03 £	30.4.02 £
Trade debtors	620,584	593,041
Prepayments	2,662	3,667
Employee loan	3,528	3,842
Directors loan account	12,162	4,818
CT recoverable	513	17,625
	<u>639,449</u>	<u>622,993</u>

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.4.03 £	30.4.02 £
Bank loans and overdrafts	216,250	15,250
Trade creditors	207,792	242,835
Debtors finance funds	-	124,214
Hire purchase	155,463	95,263
Finance lease	-	9,542
V.A.T.	54,418	38,156
PAYE	21,845	12,738
Taxation	14,701	35,222
Accrued expenses	28,934	11,202
	<u>699,403</u>	<u>584,422</u>

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

**8. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.4.03	30.4.02
	£	£
Bank loans	841,507	-
Hire purchase	285,725	231,504
	<u>1,127,232</u>	<u>231,504</u>

9. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	30.4.03	30.4.02
	£	£
Expiring:		
Between one and five years	96,274	-
	<u>96,274</u>	<u>-</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	30.4.03	30.4.02
	£	£
Bank overdrafts	204,250	-
Bank loans	853,507	15,250
	<u>1,057,757</u>	<u>15,250</u>

A standard security over the premises at Site 1, Warehouse 1, Lawson Drive, Aberdeen was created on the 28 August 2002 (registered 17 September 2002) in favour of the Bank of Scotland.

A bond and floating charge over the company's assets was created on the 18 September 2002 (registered 27 September 2002) in favour of the Bank of Scotland.

The previous security in favour of the Clydesdale Bank plc was satisfied on the 28 October 2002.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	30.4.03	30.4.02
	£	£
Deferred taxation	25,412	-
	<u>25,412</u>	<u>-</u>
	Deferred tax	
	£	
Accelerated capital allowances	25,412	
	<u>25,412</u>	
Balance at 30 April 2003	<u>25,412</u>	

Caledonian Logistics Limited

**Notes to the Financial Statements
for the Year Ended 30 April 2003**

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	30.4.03	30.4.02
		value:	£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	30.4.03	30.4.02
		value:	£	£
75,000	Ordinary	£1	<u>75,000</u>	<u>75,000</u>

13. CAPITAL COMMITMENTS

	30.4.03	30.4.02
	£	£
Contracted but not provided for in the financial statements	-	<u>1,187,520</u>

14. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 30 April 2003:

	£
D Mitchell	
Balance outstanding at start of year	4,579
Balance outstanding at end of year	<u>11,566</u>
Maximum balance outstanding during year	<u>11,566</u>
M Burnett	
Balance outstanding at start of year	151
Balance outstanding at end of year	422
Maximum balance outstanding during year	<u>422</u>
W Anderson	
Balance outstanding at start of year	88
Balance outstanding at end of year	174
Maximum balance outstanding during year	<u>174</u>