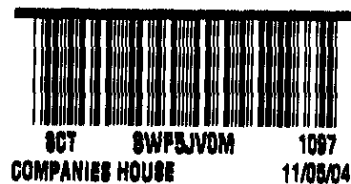


Registration number 208421

Dee Set Logistics Limited

Abbreviated accounts

for the year ended 31st December 2003



Dee Set Logistics Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the financial statements	7 - 14

Dee Set Logistics Limited

Directors' report for the year ended 31st December 2003

The directors present their report and the accounts for the year ended 31st December 2003.

Principal activity and review of the business

The principal activity of the company is the distribution of third party goods. The turnover for the year was £5,174,202. Net profit after taxation was £34,419. The directors consider the results to be satisfactory and will continue in their efforts to improve profitability.

Results and dividends

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

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/12/03	01/01/03
Walter Latham	12,500	12,500
Ian Andrews (Appointed 13/06/03)	-	-
Eamonn Byrnes	12,500	12,500

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hardings be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 30th April 2004 and signed on its behalf by

**Independent auditors' report to Dee Set Logistics Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 14 together with the financial statements of Dee Set Logistics Limited for the year ended 31st December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

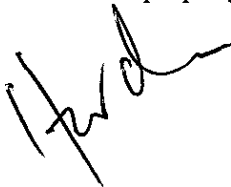
The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31st December 2003, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.



**Hardings
Chartered Accountants and
Registered auditors**

**6 Marsh Parade
Newcastle-under-Lyme
Staffordshire**

29th April 2004

ST5 1DU

Dee Set Logistics Limited

**Abbreviated profit and loss account
for the year ended 31st December 2003**

		Continuing operations	
		2003	2002
	Notes	£	£
Gross profit		1,193,687	980,383
Administrative expenses		(1,084,370)	(776,561)
Operating profit	2	109,317	203,822
Interest payable and similar charges	3	(61,691)	(31,341)
Profit on ordinary activities before taxation		47,626	172,481
Tax on profit on ordinary activities	6	(13,207)	-
Profit on ordinary activities after taxation		34,419	172,481
Retained profit for the year		34,419	172,481
Accumulated loss brought forward		(9,310)	(181,791)
Retained profit/(loss) carried forward		25,109	(9,310)
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		34,419	172,481
Unrealised movement on revaluation of property		251,552	-
Total recognised gains relating to the year		285,971	172,481

The notes on pages 7 to 14 form an integral part of these financial statements.

Dee Set Logistics Limited

**Abbreviated balance sheet
as at 31st December 2003**

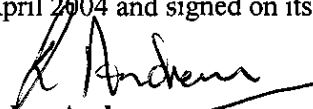
		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		864,417		583,279
Current assets					
Stocks	8	6,669		6,000	
Debtors	9	1,392,518		906,600	
Cash at bank and in hand		500		302	
		<u>1,399,687</u>		<u>912,902</u>	
Creditors: amounts falling due within one year	10	<u>(1,580,087)</u>		<u>(1,077,991)</u>	
Net current liabilities			<u>(180,400)</u>		<u>(165,089)</u>
Total assets less current liabilities			684,017		418,190
Creditors: amounts falling due after more than one year	11		(308,460)		(337,500)
Provisions for liabilities and charges	12		<u>(8,896)</u>		<u>-</u>
Net assets			<u>366,661</u>		<u>80,690</u>
Capital and reserves					
Called up share capital	14		90,000		90,000
Revaluation reserve	15		251,552		-
Profit and loss account	15		25,109		(9,310)
Equity shareholders' funds	16		<u>366,661</u>		<u>80,690</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies .

The abbreviated accounts were approved by the Board on 30th April 2004 and signed on its behalf by



Walter Latham
Director



Ian Andrews
Director

The notes on pages 7 to 14 form an integral part of these financial statements.

Dee Set Logistics Limited

Cash flow statement for the year ended 31st December 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		109,317	203,822
Depreciation		35,949	18,158
(Increase) in stocks		(669)	(3,000)
(Increase) in debtors		(485,918)	(330,243)
Increase in creditors		516,385	272,646
Net cash inflow from operating activities		<u>175,064</u>	<u>161,383</u>
Cash flow statement			
Net cash inflow from operating activities		175,064	161,383
Returns on investments and servicing of finance	18	(61,691)	(31,341)
Capital expenditure	18	(65,535)	(560,218)
		<u>47,838</u>	<u>(430,176)</u>
Financing	18	(29,040)	464,999
Increase in cash in the year		<u>18,798</u>	<u>34,823</u>
Reconciliation of net cash flow to movement in net funds (Note 19)			
Increase in cash in the year		18,798	34,823
Cash outflow from increase in debts and lease financing		29,040	(375,000)
Change in net funds resulting from cash flows		47,838	(340,177)
Net debt at 1st January 2003		<u>(678,337)</u>	<u>(338,160)</u>
Net debt at 31st December 2003		<u>(630,499)</u>	<u>(678,337)</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2003

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% on cost.
Computer Equipment	-	25% on cost.
Fixtures, fittings and equipment	-	25% on NBV

1.4. Stock

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

1.5. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.6. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	35,949	18,158
Auditors' remuneration	3,500	2,000
	<u>39,449</u>	<u>20,158</u>

3. Interest payable and similar charges

	2003	2002
	£	£
Interest payable on loans < 1 yr	14,044	13,996
On loans repayable in five years or more	20,356	-
Factoring interest	27,291	17,345
	<u>61,691</u>	<u>31,341</u>

Dee Set Logistics Limited

Notes to the abbreviated financial statements for the year ended 31st December 2003

..... continued

4. Employees

Number of employees	2003	2002
The average monthly numbers of employees (including the directors) during the year were:		

147	125
-----	-----

Employment costs	2003	2002
	£	£
Wages and salaries	2,021,795	1,433,166
Social security costs	186,051	124,895
Other pension costs	13,096	8,844
	<u>2,220,942</u>	<u>1,566,905</u>

4.1. Directors' emoluments	2003	2002
	£	£
Remuneration and other emoluments	<u>86,595</u>	<u>74,671</u>

5. Pension costs

The company operates a defined contribution pension scheme.

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

6. Tax on profit on ordinary activities

Analysis of charge in period	2003	2002
	£	£
Current tax		
UK corporation tax	4,311	-
Total current tax charge	<u>4,311</u>	<u>-</u>
Deferred tax		
Timing differences, origination and reversal	8,896	-
Total deferred tax	<u>8,896</u>	<u>-</u>
Tax on profit on ordinary activities	<u>13,207</u>	<u>-</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>47,626</u>	<u>172,481</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31st December 2002 : 19%)	9,049	32,771
Effects of:		
Expenses not deductible for tax purposes	1,481	1,280
Capital allowances for period in excess of depreciation	59	(1,057)
Utilisation of tax losses	(6,190)	(32,994)
Marginal relief	(88)	-
Current tax charge for period	<u>4,311</u>	<u>-</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

7. Tangible fixed assets	Land and buildings freehold £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1st January 2003	504,448	61,672	42,907	609,027
Additions	-	43,673	21,862	65,535
Revaluation	251,552	-	-	251,552
At 31st December 2003	<u>756,000</u>	<u>105,345</u>	<u>64,769</u>	<u>926,114</u>
Depreciation				
At 1st January 2003	-	19,135	6,613	25,748
Charge for the year	6,000	17,334	12,615	35,949
At 31st December 2003	<u>6,000</u>	<u>36,469</u>	<u>19,228</u>	<u>61,697</u>
Net book values				
At 31st December 2003	<u>750,000</u>	<u>68,876</u>	<u>45,541</u>	<u>864,417</u>
At 31st December 2002	<u>504,448</u>	<u>42,537</u>	<u>36,294</u>	<u>583,279</u>

The Land and Buildings were revalued as at 31st December 2003. The revaluation was carried out by an independent surveyor, Louis Taylor, on 5th April 2004.

8. Stocks	2003 £	2002 £
Fuel	<u>6,669</u>	<u>6,000</u>
9. Debtors	2003 £	2002 £
Trade debtors	912,810	667,913
Intercompany account	393,684	187,222
Other debtors	19,528	22,000
Prepayments and accrued income	66,496	29,465
	<u>1,392,518</u>	<u>906,600</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

10. Creditors: amounts falling due within one year	2003 £	2002 £
Bank overdraft	285,039	303,639
Bank loan	37,500	37,500
Trade creditors	978,642	533,376
Corporation tax	4,311	-
Other taxes and social security costs	157,619	69,989
Directors' accounts	6,000	12,000
Other creditors	2,363	847
Accruals and deferred income	108,613	120,640
	<u>1,580,087</u>	<u>1,077,991</u>

The bank overdraft is secured by guarantees from William Haughey, dated 26th March 2002 and Ian Andrews, dated 21st March 2003.

11. Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loan	<u>308,460</u>	<u>337,500</u>

All sums due are secured by a bond and floating charge over the whole assets of the company, registered 27th February 2001. A legal charge also exists over Milburn Road, Cobridge, for £500,000 dated 19th December 2002.

12. Provisions for liabilities and charges

	Deferred taxation (Note 13) £	Total £
Movements in the year	8,896	8,896
At 31st December 2003	<u>8,896</u>	<u>8,896</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

13.	Provision for deferred taxation	2003 £	2002 £	
	Accelerated capital allowances	<u>8,896</u>	<u>-</u>	
	Deferred tax charge in profit and loss account	<u>8,896</u>		
	Provision at 31st December 2003	<u>8,896</u>		
14.	Share capital	2003 £	2002 £	
	Authorised			
	250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	
	Allotted, called up and fully paid			
	90,000 Ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>	
15.	Equity Reserves	Revaluation reserve £	Profit and loss account £	Total £
	At 1st January 2003	-	(9,310)	(9,310)
	Revaluation of property	251,552		251,552
	Retained profit for the year		34,419	34,419
	At 31st December 2003	<u>251,552</u>	<u>25,109</u>	<u>276,661</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

16. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the year	34,419	172,481
Net proceeds of equity share issue	-	89,999
Other recognised gains or losses	251,552	-
Net addition to shareholders' funds	285,971	262,480
Opening shareholders' funds	80,690	(181,790)
Closing shareholders' funds	<u>366,661</u>	<u>80,690</u>

17. Transactions with directors

	Amount owing	
	2003	2002
	£	£
Walter Latham	7,500	7,500
Eamonn Byrnes	<u>6,500</u>	<u>12,500</u>

18. Gross cash flows

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest paid	<u>(61,691)</u>	<u>(31,341)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(65,535)</u>	<u>(560,218)</u>
Financing		
Issue of ordinary share capital	-	89,999
New long term bank loan	-	337,500
New short term bank loan	-	37,500
Repayment of long term bank loan	<u>(29,040)</u>	<u>-</u>
	<u>(29,040)</u>	<u>464,999</u>

Dee Set Logistics Limited

**Notes to the abbreviated financial statements
for the year ended 31st December 2003**

..... continued

19. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	302	198	500
Overdrafts	(303,639)	18,600	(285,039)
	<u>(303,337)</u>	<u>18,798</u>	<u>(284,539)</u>
Debt due within one year	(37,500)	-	(37,500)
Debt due after one year	(337,500)	29,040	(308,460)
	<u>(375,000)</u>	<u>29,040</u>	<u>(345,960)</u>
Net funds	<u><u>(678,337)</u></u>	<u><u>47,838</u></u>	<u><u>(630,499)</u></u>