

UNION TRAFFIC LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996



Registered No: 560911

UNION TRAFFIC LIMITED

Director's report for the year ended 31 December 1996

The director submits his report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The profit and loss account for the year is set out on page 4.

The company did not trade during the year under review and there are no plans to resume business.

Business review

As reported previously, the banking standstill agreement of the immediate parent company, The Union International plc ("Union") and its UK subsidiaries expired on 30 December 1994 and that company is now in administrative receivership and liquidation. Under that agreement the assets of the company are secured by a composite debenture and will be called upon by the administrative receiver of Union in due course.

On 6 November 1996 Lloyds Bank Plc ("Lloyds") as security trustee called upon the company, in accordance with the composite debenture, to repay its borrowings and gave notice that it intended to exercise its right to apply monies held against amounts owing to secured creditors. These rights were exercised on 14 November 1996 when Lloyds applied the company's remaining funds of £1,032,560 in repayment of intra group borrowings with the result that the company no longer has finance with which to operate.

Directors and interests in shares

The following directors served during the year:

Union (Corporate Director) Limited	- appointed 29 January 1996
P G Comley	- resigned 29 January 1996

The sole director had no shareholding interest required to be disclosed by the Companies Act 1985.

Director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1996. The director also confirms that applicable accounting standards have been followed and as noted in note 1 to the financial statements the financial statements have been prepared on the basis that the company is not a going concern.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities

UNION TRAFFIC LIMITED

Director's report for the year ended 31 December 1996 (continued)

Auditors

The company was dormant within the meaning of Section 252 of the Companies Act 1985 at 31 December 1996 and a special resolution will be put to the annual general meeting of the company that auditors shall not be reappointed.

By order of the Board

I. Reardon

I R Reardon (Mrs)
Secretary
2 October 1997

Registered office:
63 Old Street
London EC1V 9HX

UNION TRAFFIC LIMITED

Report of the auditors to the members of Union Traffic Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's director is responsible for the preparation of 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 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 state of the company's affairs at 31 December 1996 and its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey
Chartered Accountants and Registered Auditors
London
2 October 1997

UNION TRAFFIC LIMITED

Profit and loss account for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	-	3,966,239
Cost of sales		<u>-</u>	<u>(3,769,706)</u>
Gross profit		-	196,533
Net operating income/(expenses)	3	<u>1,982</u>	<u>(92,713)</u>
Operating profit		1,982	103,820
Exceptional items	4	15,839	(50,048)
Interest receivable		9,439	8,529
Interest payable and similar charges	5	<u>(9,227)</u>	<u>(80,334)</u>
Profit/(loss) on ordinary activities before taxation	6	18,033	(18,033)
Taxation	8	<u>-</u>	<u>-</u>
Retained profit/(loss) for the financial year	12	18,033	(18,033)
Retained loss brought forward		<u>(1,018,133)</u>	<u>(1,000,100)</u>
Retained loss carried forward		<u>(1,000,100)</u>	<u>(1,018,133)</u>

All turnover and the result on ordinary activities arises on discontinued activities

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the retained result for the year stated above, and their historical cost equivalents.

UNION TRAFFIC LIMITED

Balance sheet at 31 December 1996

	Notes	1996 £	1995 £
Current assets			
Debtors	9	-	19,475
Cash at bank		<u>-</u>	<u>1,022,056</u>
		-	1,041,531
Creditors: amounts falling due within one year	10	<u>-</u>	<u>(1,059,564)</u>
Net current liabilities		<u>-</u>	<u>(18,033)</u>
Net liabilities		<u>-</u>	<u>(18,033)</u>
Capital and reserve			
Called up share capital	11	1,000,100	1,000,100
Profit and loss account - deficit		<u>(1,000,100)</u>	<u>(1,018,133)</u>
Equity shareholders' funds - deficit	12	<u>-</u>	<u>(18,033)</u>

The financial statements on pages 4 to 9 were approved by the sole director on 2 October 1997.



M Brand
For and on behalf of
Union (Corporate Director) Limited
Corporate Director

UNION TRAFFIC LIMITED

Cashflow statement for the year ended 31 December 1996

	1996 £	1995 £
Net cash (outflow)/inflow from operating activities	<u>(958,984)</u>	<u>731,104</u>
Returns on investments and servicing of finance		
Interest received	9,439	8,529
Interest paid	<u>(72,511)</u>	<u>(17,050)</u>
(Decrease)/increase in cash at bank	<u>(1,022,056)</u>	<u>722,583</u>

Note 1

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

Operating profit	1,982	103,820
Gain on disposal of remaining businesses	15,839	731,922
Cost of bank guarantee obligations	-	(403,463)
Working capital movements		
- decrease in stocks	-	4,065
- decrease in trade debtors	-	1,634,169
- decrease in amount owed by group companies	-	169,559
- decrease/(increase) in other debtors	3,419	(2,030)
- decrease in prepayments and accrued income	16,056	34,733
- (decrease) in trade creditors	(34,231)	(1,002,048)
- (decrease)/increase in amount owed to immediate parent company	(472,346)	7,234
- (decrease)/increase in amount owed to group company	(487,703)	2,849
- (decrease) in taxation and social security	-	(77,154)
- (decrease) in other creditors	-	(20,991)
- (decrease) in accruals and deferred income	<u>(2,000)</u>	<u>(451,561)</u>
Net cash (outflow)/inflow from operating activities	<u>(958,984)</u>	<u>731,104</u>

Note 2

Cash at bank

Changes in the year		
At 1 January	1,022,056	299,473
Net cash (outflow)/inflow	<u>(1,022,056)</u>	<u>722,583</u>
At 31 December	<u>-</u>	<u>1,022,056</u>

UNION TRAFFIC LIMITED

Notes to the financial statements for the year ended 31 December 1996

1. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, and in accordance with applicable accounting standards. As the company has ceased trading and furthermore has a liability to the administrative receiver of the immediate parent company to the full extent of its assets (see note 13), these financial statements have been prepared on the basis that the company is not a going concern.

Turnover

The turnover figure represents the invoiced amounts of services provided net of value added tax.

2. Turnover

Turnover consists entirely of sales made in the United Kingdom.

3. Net operating income/(expenses)

	1996	1995
	£	£
Administrative income/(expenses)	1,982	(93,265)
Other operating income	<u>-</u>	<u>552</u>
	<u>1,982</u>	<u>(92,713)</u>

4. Exceptional items

Profit on disposal of remaining businesses	15,839	287,382
Excess provision for liability under composite debenture	-	66,033
Cost of bank guarantee obligations	<u>-</u>	<u>(403,463)</u>
	<u>15,839</u>	<u>(50,048)</u>

5. Interest payable and similar charges

Interest payable to group companies	<u>(9,227)</u>	<u>(80,334)</u>
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6. Profit/(loss) on ordinary activities before taxation

is stated after (crediting)/charging:

Operating leases - land and buildings	(14,778)	31,804
Operating leases - plant and machinery	-	13,187
Auditors' remuneration - current year	-	2,000
- previous year	(2,000)	2,000
Hire of plant	-	44,924
Directors' emoluments	<u>-</u>	<u>-</u>

Auditors' remuneration relates wholly to the provision of audit services.

The audit fees for the current year and previous year will be borne by the immediate parent company.

UNION TRAFFIC LIMITED

Notes to the financial statements for the year ended 31 December 1996 (continued)

7. Employees' cost

	1996	1995
The average number of persons employed during the period was:	Number	Number
Administration	<u>-</u>	<u>14</u>
The aggregate costs incurred in respect of these employees were:	£	£
Wages and salaries	-	225,298
Social Security costs	-	4,409
Other pension costs	<u>-</u>	<u>-</u>
	<u>-</u>	<u>229,707</u>

8. Taxation

There is no liability to corporation tax for the year because the result as adjusted for tax purposes is covered by losses brought forward.

9. Debtors

Amounts falling due within one year:		
Other debtors	-	3,419
Prepayments and accrued income	<u>-</u>	<u>16,056</u>
	<u>-</u>	<u>19,475</u>

10. Creditors

Amounts falling due within one year:		
Trade creditors	-	34,231
Amount owed to immediate parent company	-	472,346
Amount owed to group company	-	487,703
Accruals and deferred income	<u>-</u>	<u>65,284</u>
	<u>-</u>	<u>1,059,564</u>

On 6 November 1996 Lloyds Bank Plc ("Lloyds") as security trustee called upon the company, in accordance with the composite debenture, to repay its borrowings and gave notice that it intended to exercise its right to apply monies held against amounts owing to secured creditors. These rights were exercised on 14 November 1996 when Lloyds applied the company's remaining funds of £1,032,560 in repayment of intra group borrowings with the result that the company no longer has finance with which to operate.

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Notes to the financial statements for the year ended 31 December 1996 (continued)

11. Called up share capital

	1996 £	1995 £
Authorised, allotted, called up and fully paid 1,000,100 ordinary shares of £1 each	<u>1,000,100</u>	<u>1,000,100</u>

12. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	(18,033)	-
Retained profit/(loss) for the financial year	<u>18,033</u>	<u>(18,033)</u>
Closing shareholders' funds - deficit	<u>-</u>	<u>(18,033)</u>

13. Contingent liabilities

The assets of the company, including any future assets, are secured under the composite debenture with banks. The company therefore has a contingent liability in respect of all assets, present and future, to the administrative receiver of the immediate parent company.

14. Parent companies

The ultimate parent company for which group accounts are drawn up is Western United Investment Company Limited. However, in view of the situation arising from the receivership and liquidation referred to in the directors report, the group accounts of Western United Investment Company Limited no longer consolidate The Union International plc group of companies.

The Union International plc is the immediate parent company. The final set of group accounts of The Union International plc, as filed with the Registrar of Companies, is in respect of the year to 31 December 1993. Copies of these group accounts may be obtained from the Company Secretary, 14 West Smithfield, London EC1A 9HY.

Western United Investment Company Limited and The Union International plc are both incorporated in Great Britain and registered in England and Wales.