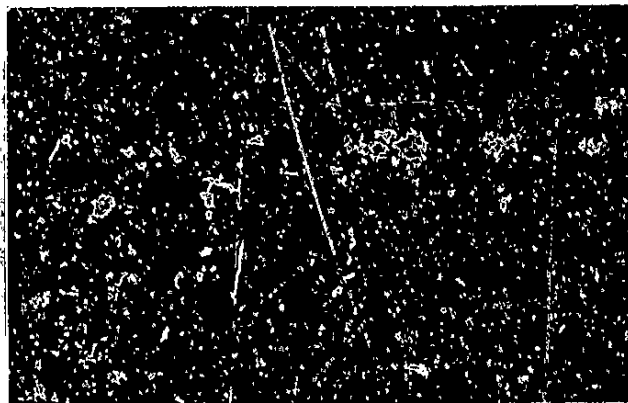

Directors' Report and Accounts



No. 577184

DIRECTORS' REPORT AND ACCOUNTS

MEAS CARGO INTERNATIONAL
LIMITED
(No. 577184)

31 December 1991

Directors

D T Ash
N C F Barber
S R Chipping
Dr E C Hope
T A Loughhead
K C Walls

Secretary

K C Walls

Registered Office

India Buildings Liverpool L2 0RB

MSAS CARGO INTERNATIONAL LIMITED

Directors' Report

The Directors submit their report and the accounts for the year ended 31 December 1991.

PRINCIPAL ACTIVITY

The principal activities of the Company are those of an investment holding company and shipping and forwarding agents.

REVIEW OF BUSINESS DEVELOPMENTS

The results for the year are set out on page 4. In the opinion of the Directors the annexed accounts give a fair review of the development of the business during the year and of its position at the end of the year. A comprehensive review of the state of affairs of the Group is contained in the report and accounts of Ocean Group plc, the ultimate parent undertaking.

FIXED ASSETS

Changes in the fixed assets of the Company are detailed in note 11 of these accounts.

DIVIDENDS AND TRANSFERS TO RESERVES

The Directors do not recommend the payment of a dividend. The loss for the year after taxation of £5,314,000 has been deducted from reserves.

DIRECTORS

The Directors who served during the year and their interests in the ordinary shares of Ocean Group plc, the company's ultimate holding company, at the beginning and end of the year were as follows:-

	<u>Ordinary 25p shares</u>		<u>Share Options</u>	
	1991	1990	1991	1990
D T Ash *				
N C F Barber *				
R J Hackett (Resigned 16/1/92)	-	-	30,046	21,800
E C Hope	-	-	47,892	32,000
T A Loughhead *				
K C Walls	561	450	5,552	4,058

S R Chipping was appointed a Director on 16th January 1992.

* Messrs D T Ash, N C F Barber and T A Loughhead are Directors of Ocean Group plc and their interests are as shown in the report and accounts of that company.

MEAS CARGO INTERNATIONAL LIMITED

Directors' Report (continued)

Except as noted above no Director had any interest in any shares or debentures in any companies of the Group.

EMPLOYEE INVOLVEMENT

The Company's policy on employee participation is to encourage the development of a working environment whereby employees primarily through consultative committees or briefing groups can be more involved in the issues that affect them.


EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to provide full and fair consideration for applications for employment made by disabled persons and to provide equal opportunities for training, career development and promotion in line with their aptitude and abilities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Price Waterhouse as auditors of the Company will be put to the annual general meeting.

By order of the Board


K C Walls
Secretary
6 April 1992

MEAS CARGO INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1991

	Notes	1991 £'000	1990 £'000
TURNOVER	2	110,742	97,799
Cost of sales		(91,617)	(78,816)
Gross profit		19,125	18,983
Administrative expenses		(23,019)	(26,113)
TRADING LOSS	4	(3,894)	(7,130)
Net Interest	5	(7,071)	(5,080)
Income from fixed asset investments	6	81	93
Exchange losses		(506)	(2,789)
Exceptional Items	7	6,076	(6,614)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,314)	(21,520)
Taxation on loss on ordinary activities	9	-	(135)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(5,314)	(21,655)
Extraordinary Items	10	-	4,751
LOSS FOR THE FINANCIAL YEAR	19	(5,314)	(16,904)

MEAS CARGO INTERNATIONAL LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1991

	NOTES	1991 £'000	1990 £'000
FIXED ASSETS			
Tangible assets	11	3,953	2,435
Investments:			
- subsidiary undertakings	12	33,053	5,637
- other	13	24	19
		<u>37,030</u>	<u>8,091</u>
CURRENT ASSETS			
Debtors	14	24,265	42,297
Cash at bank and in hand		5,302	447
		<u>29,567</u>	<u>42,744</u>
CREDITORS: Amounts falling due within one year	15	<u>(32,866)</u>	<u>(36,551)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,299)</u>	<u>6,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,731	14,284
CREDITORS: Amounts falling due after more than one year	16	(84,128)	(50,363)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(6,878)</u>	<u>(15,951)</u>
NET LIABILITIES		<u>(57,275)</u>	<u>(52,030)</u>
CAPITAL AND RESERVES			
Called up share capital	18	3	3
Profit and loss account	19	(57,278)	(52,033)
		<u>(57,275)</u>	<u>(52,030)</u>

On behalf of the Board

D T Ash



Director

6 April 1992

MSAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1991

1 **ACCOUNTING POLICIES**

The accounting policies adopted by MSAS Cargo International Ltd. (the Company) are set out below and are consistent with those of the previous year.

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

Group accounts are not submitted as the Company is itself a wholly owned subsidiary undertaking of a company incorporated in the United Kingdom.

(c) Tangible Assets

Depreciation of fixed assets is provided evenly over their estimated useful lives. Useful lives are assessed as follows:

Leasehold property	The lower of either 50 years or over the period of the lease
Fixtures, fittings, tools and equipment	between 4 and 10 years
Plant and equipment	10 years
Motor vehicles	4 years

Depreciation is not charged in respect of freehold land.

(d) Operating Leases

Rental costs under operating leases are charged to profit and loss account over the periods of the leases as they arise.

(e) Taxation

Deferred taxation in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts is provided only to the extent that there is a reasonable probability that the liability will crystallise in the foreseeable future. The full potential liability for deferred taxation, calculated under the liability method, is shown in note 9.

The surrender of tax losses between the Company and its parent or fellow subsidiary undertakings is made for no consideration.

(f) Foreign Currencies

Exchange differences arising on the translation of foreign currency assets and liabilities, excluding long term loans, are recognised in the profit and loss account as they occur. Exchange differences on long term loans, calculated at rates ruling at the balance sheet date are taken to reserves.

MSAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

(g) Goodwill on acquisition of subsidiary undertakings

On the acquisition of a business, fair values are attributed to the net assets acquired. The surplus or deficit of the consideration over the value attributed to the net assets is dealt with through reserves as it arises.

(h) Fixed Asset investments

Fixed asset investments in subsidiary undertakings are stated at the lower of cost or underlying net asset value and provision is, therefore, made through the profit and loss account for any diminution in the value of subsidiary undertakings annually.

In accordance with Ocean Group policy, any provision for losses in subsidiary undertakings in excess of the cost of investment is included in provisions for liabilities and charges. The investments in related undertakings are stated at cost.

(i) Group Pension Scheme

Contributions to the Ocean Group plc pension schemes are assessed by a qualified actuary based on the cost of providing pensions across all participating Ocean Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period for which they become payable.

2 **TURNOVER**

Turnover represents the total charges during the year in respect of air freight and ancillary activities. The analysis of turnover by geographical area of origin is as follows:

	1991 £'000	1990 £'000
United Kingdom	110,742	97,799

3 **STAFF NUMBERS AND COSTS**

The average number of persons employed by the Company during the year in the United Kingdom was 662 (1990 - 616). The average number of employees employed in the rest of Europe is 7 (1990 - 8).

The aggregate payroll costs were as follows:

	1991 £'000	1990 £'000
Wages and salaries	10,598	8,807
Social Security costs	954	667
Other pension costs	679	614
	12,231	10,088

MSAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

4 TRADING LOSS

Trading loss is stated after charging/(crediting) the following items:

	1991 £'000	1990 £'000
Depreciation	1,058	743
Hire of plant and machinery	1,807	1,748
Auditors' remuneration	180	145
Loss/(Gain) on sale of fixed assets	22	(1)
Rent payable	1,189	903

5 NET INTEREST

	1991 £'000	1990 £'000
Payable:		
Interest on bank overdrafts and loans repayable within five years	677	908
Group interest	7,180	4,789
	<u>7,857</u>	<u>5,697</u>
Less receivable:		
Group Interest	(717)	(548)
Other	(69)	(69)
	<u>7,071</u>	<u>5,080</u>

6 INCOME FROM FIXED ASSET INVESTMENTS

	1991 £'000	1990 £'000
Rent	<u>81</u>	<u>93</u>

7 EXCEPTIONAL ITEMS

	Notes	1991 £'000	1990 £'000
Provisions against loans to subsidiary undertakings	12	(2,990)	(1,746)
Provisions against shares in subsidiary undertakings	12	(7)	-
Decrease / (increase) in provisions against losses of subsidiary undertakings	17	9,073	(4,868)
		<u>6,076</u>	<u>(6,614)</u>

MEAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

8 DIRECTORS' EMOLUMENTS

The Directors of the Company are employees of Ocean Group plc and receive their emoluments in that capacity.

9 TAXATION	1991 £'000	1990 £'000
Overseas taxation	-	135
	<u>-</u>	<u>135</u>
	-	135
	<u>-</u>	<u>135</u>

If provision had been made for deferred taxation the taxation charge would have been decreased as follows:

Accelerated capital allowances	-	(1,053)
	<u>-</u>	<u>(1,053)</u>
	-	(1,053)
	<u>-</u>	<u>(1,053)</u>

The full potential amount of deferred taxation at 31 December is as follows:

-	-
<u>-</u>	<u>-</u>

Tax losses amounting to £8,364,000 (1990: £9,219,000) will be surrendered without consideration to fellow subsidiary undertakings under provisions of the Income and Corporation Taxes Act 1988.

10 EXTRAORDINARY ITEMS

	1991 £'000	1990 £'000
Release of provisions against loans to subsidiary undertakings	-	5,709
Loss on sale of assets	-	(958)
	<u>-</u>	<u>(958)</u>
	-	4,751
	<u>-</u>	<u>4,751</u>

MEAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

11. TANGIBLE ASSETS

	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Fixtures, Fittings, Tools and Equipment £'000	Plant & Machinery, including Vehicles £'000	Total £'000
<u>Cost</u>						
Balance at 1 January 1991	95	345	871	2,932	77	4,320
Additions	-	1	109	2,527	57	2,694
Disposals	-	-	-	-	(44)	(44)
Balance at 31 December 1991	95	346	980	5,459	90	6,970
<u>Depreciation</u>						
Balance at 1 January 1991	15	106	303	1406	55	1,885
Charge for the year	1	9	230	905	15	1,160
Disposals	-	-	-	-	(28)	(28)
Balance at 31 December 1991	16	115	533	2,311	42	3,017
<u>Net book amount at 31 December 1991</u>	79	231	447	3,148	48	3,953
<u>Net book amount at 31 December 1990</u>	80	239	568	1,526	22	2,435

The opening balances at 1st January 1991 have been restated to reclassify certain computer equipment and leasehold improvements from plant and machinery (including vehicles) to the more appropriate categories of fixtures, fittings, tools and equipment and short leasehold property respectively. The net book value of the assets reclassified was £1,145,000, of which £922,000 was reclassified as fixtures, fittings, tools and equipment and £223,000 reclassified as short leasehold property.

MSAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares		Loans		Total	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000	1991 £'000	1990 £'000
COST						
At 1 January	1,197	1,197	25,092	21,903	26,289	23,100
Additions	-	-	30,413	3,189	30,413	3,189
At 31 December	1,197	1,197	55,505	25,092	56,702	26,289
AMOUNTS PROVIDED						
At 1 January	1,155	1,155	19,497	17,751	20,652	18,906
Provided during Year	7	-	2,990	1,746	2,997	1,746
At 31 December	1,162	1,155	22,487	19,497	23,649	20,652
NET BOOK AMOUNT						
At 31 December	35	42	33,018	5,595	33,053	5,637

The Company's investments in its principal subsidiary undertakings are as follows:

	Percentage of Ordinary Share Capital	Country of Operation & Incorporation
McGregor Sea & Air Services Limited		England
MSAS Overseas Holdings Limited		England
* MSAS Cargo International Pty Ltd		Australia
* MSAS Cargo International KK		Japan
* MSAS Cargo International Inc.		North America
* Meyer & Co BV		Netherlands
* MSAS Nedlloyd Air Cargo VOF	50%	Netherlands
* MSAS Cargo International (Far East) Ltd		Hong Kong
* Airlink Corporation Ltd		Hong Kong
* Freight Express International Ltd		Hong Kong
* Calayan Company Limited	78%	Hong Kong
* MSAS Cargo International (Pty) Ltd		South Africa
* MSAS (New Zealand) Ltd		New Zealand
* MSAS Cargo International A/S	56.98%	Norway
* MSAS De Portugal Transitarior Ida	90%	Portugal
* MSAS Nedlloyd Aircargo NV	50%	Belgium
* MSAS Italcargo Spa		Italy

MSAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Continued)

	Percentage of ordinary <u>share capital</u>	Country of Operation & <u>Incorporation</u>
* MSAS Cargo International GmbH		Germany
* MSAS Cargo International SA		France
* Consortium de Transports Euro SA		France
* MSAS Nedlloyd Air Cargo S.A.	50%	Spain

* Shares held indirectly

The percentage of ordinary share capital held is 100% except where stated.

The principal activity of the above undertakings is that of airfreight forwarding and ancillary services.

In the opinion of the Directors the values of the investments in subsidiary undertakings are not less than the amounts at which those investments are stated in the balance sheet after provisions.

13 OTHER INVESTMENTS (Unlisted)

	1991 £'000	1990 £'000
<u>Cost</u>		
At 1 January	19	19
Additions	5	-
	<u>—</u>	<u>—</u>
At 31 December	24	19
	<u>—</u>	<u>—</u>

14 DEBTORS

	1991 £'000	1990 £'000
Trade debtors	11,183	16,463
Amounts owing from group undertakings	8,150	22,078
Amounts owing from related undertakings	327	1,189
Other debtors	2,513	1,259
Prepayments and accrued income	2,092	1,308
	<u>24,265</u>	<u>42,297</u>

MEAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1991 £'000	1990 £'000
Bank overdrafts	17,211	15,283
Trade creditors	6,625	7,640
Amounts owing to subsidiary undertakings	2,426	4,459
Amounts owing to other group undertakings	1,003	739
Amounts owing to related undertakings	-	783
Other creditors	2,337	3,296
Overseas tax	257	207
Accruals and deferred income	3,007	4,144
	<u>32,866</u>	<u>36,551</u>

The bank overdrafts are repayable on demand and are secured by way of a guarantee given by the ultimate parent undertaking.

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1991 £'000	1990 £'000
Amounts owing to subsidiary undertakings	16,529	-
Amounts owing to ultimate parent undertaking	67,599	50,363
	<u>84,128</u>	<u>50,363</u>

17 PROVISION FOR LIABILITIES AND CHARGES

Provision for losses of subsidiary undertakings

	1991 £'000	1990 £'000
At 1 January	15,951	11,083
Provision no longer required/utilised	(9,073)	-
Provisions made during the year	-	4,868
At 31 December	<u>6,878</u>	<u>15,951</u>

MEAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

18	SHARE CAPITAL	1991 Number	1990 Number	1991 £	1990 £
	Authorised	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
	Issued and fully paid shares of £1 each	<u>2,510</u>	<u>2,510</u>	<u>2,510</u>	<u>2,510</u>

19 PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 1991	(52,033)
Loss for the financial year	(5,314)
Exchange difference	69
At 31 December 1991	<u>(57,278)</u>

20 CAPITAL COMMITMENTS

	1991 £'000	1990 £'000
Contracted but not provided for	-	66
Authorised but not contracted	<u>3,663</u>	<u>5,015</u>
	<u>3,663</u>	<u>5,081</u>

21 PENSION SCHEMES

The Company participates in the Ocean Group plc pension schemes. These schemes are of the defined benefit type providing benefits to certain employees within the Ocean Group plc and the assets are held separately from the Group's assets.

The latest actuarial valuation of the major group schemes was carried out as at 31 March 1989. Details of this valuation are contained in the financial statements of Ocean Group plc.

The total pension cost for the Company was £ 679,000 (1990 £614,000).

22 LEASE COMMITMENTS

Payments to be made next year under operating leases, in respect of commitments expiring:

	1991 £'000	1990 £'000
Under 1 year	416	361
Between 1 and 2 years	1,441	697
Between 2 and 5 years	224	1,278
5 years and over	<u>386</u>	<u>854</u>
	<u>2,467</u>	<u>3,190</u>
Comprising:		
Land and buildings	736	1,112
Other assets	<u>1,731</u>	<u>2,078</u>
	<u>2,467</u>	<u>3,190</u>

MEAS CARGO INTERNATIONAL LIMITED
NOTES TO THE ACCOUNTS (continued)

23 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Ocean Group plc which is registered in England. Ocean Group plc is the only group of which the company is a member for which group accounts are prepared. Copies of these accounts are available from the Secretary, India Buildings, Liverpool, L2 0RB.

Ocean Group plc has informed the Company that it is its present intention to continue to support the operations of the Company.

24 CASHFLOW STATEMENT

A cashflow statement has been prepared by Ocean Group Plc in accordance with Financial Reporting Standard 1. The Company has taken advantage of the exemption to omit a cashflow statement since it is a wholly owned UK subsidiary of Ocean Group Plc.

**AUDITORS' REPORT TO THE MEMBERS OF
MESS CARGO INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 1991 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

London

6 April 1992

Price Waterhouse

Chartered Accountants
& Registered Auditor