

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS

Co. No. 914137

The Directors present their report and the audited financial statements of the Company for the year ended 30 April 1994.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are those of shipping and forwarding agents.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Consolidated Profit and Loss Account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory and the Directors expect that the present level of activity will be sustained.

DIVIDENDS

The Directors do not recommend the payment of a dividend. A retained profit of £537103 is transferred to the Company's reserves.

FIXED ASSETS

The movements in fixed assets are shown in note 7.

DIRECTORS AND THEIR INTERESTS

The Directors in office during the year were:-

Mrs. A.M. Sutton
A.M. Sutton
Mrs. D.P. Broadhurst
J.S. Williams
K. Douglas (resigned 30 April 1994)
J.M. Wilson
C. Town
G. Lightfoot

The Company is a wholly owned subsidiary of Thomas Cradley Holdings Limited. Mrs. A.M. Sutton, A.M. Sutton, Mrs. D.P. Broadhurst and J.S. Williams are Directors of the Holding Company and their interests in the Group are shown in the accounts of that company. No other Director held any interest in the shares of any group company at any time during the year.

R. Hooper was appointed a Director on 1 May 1994.

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 and Loss Account of the Company for that period. In preparing those financial statements, the Directors are required to:-



SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS - Continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES - Continued

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . state whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- . prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

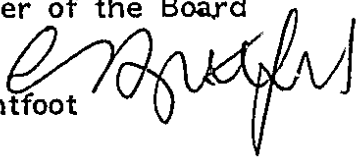
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe-guarding the 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 to reappoint the Auditors, Jackson, Stephen & Co., will be proposed at the annual general meeting.

By Order of the Board

G. Lightfoot



Secretary

12 October 1994

AUDITORS' REPORT TO THE SHAREHOLDERS OF
SUTTONS INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2 the Company's Directors are 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.

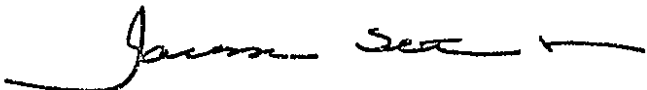
BASIS OF OPINION

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 and performed 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 mis-statement, 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 affairs of the Company and the Group as at 30 April 1994 and of the Profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Jackson, Stephen & Co.,
Chartered Accountants,
Registered Auditor.

13 October 1994

Broseley House,
116 Bradshawgate,
LEIGH,
Lancs,
WN7 4NT.

SCAN UPON
DEMAND

WE APOLOGISE THAT
THIS PAGE/S IS MISSING

THANK YOU FOR YOUR
UNDERSTANDING

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 April 1994

	<u>Note</u>	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
TURNOVER	3	18362	13660
Cost of sales		<u>13868</u>	<u>9894</u>
GROSS PROFIT		4494	3766
Administrative expenses		<u>3402</u>	<u>2579</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1092	1187
EXCEPTIONAL ITEM			
Excess depreciation provided in prior years now written back	5	<u>-</u>	<u>1347</u>
		1092	2534
TAXATION	6	<u>344</u>	<u>861</u>
RETAINED PROFIT FOR THE YEAR	15	<u>£ 748</u>	<u>£ 1673</u>

All amounts relate to continuing operations.

All recognised gains and losses are included in the Profit and Loss Account.

SUTTONS INTERNATIONAL LIMITED

BALANCE SHEET

30 April 1994

	<u>Note</u>	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
FIXED ASSETS			
Tangible assets	7	10994	8837
Investments	8	16	16
		<u>11010</u>	<u>8853</u>
CURRENT ASSETS			
Stocks	9	130	119
Debtors	10	4447	3863
Cash at bank and in hand		460	380
		<u>5037</u>	<u>4362</u>
CREDITORS: Amounts falling due within one year	11	<u>2411</u>	<u>2959</u>
NET CURRENT ASSETS		<u>2626</u>	<u>1403</u>
Total assets less current liabilities		13636	10256
CREDITORS: Amounts falling due after more than one year	12	<u>4939</u>	<u>2366</u>
		8697	7890
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>1720</u>	<u>1450</u>
NET ASSETS		<u>£ 6977</u>	<u>£ 6440</u>
CAPITAL AND RESERVES			
Called-up share capital	14	500	500
Profit and loss account	15	6477	5940
SHAREHOLDERS' FUNDS		<u>£ 6977</u>	<u>£ 6440</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 12 October 1994 and were signed on its behalf by:

.....
G. Lightfoot
Director

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET For the year ended 30 April 1994

	<u>Note</u>	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
FIXED ASSETS			
Tangible assets	7	11060	8869
CURRENT ASSETS			
Stocks	9	130	119
Debtors	10	5403	4112
Cash at bank and in hand		555	654
		<u>6088</u>	<u>4885</u>
CREDITORS: Amounts falling due within one year	11	<u>3307</u>	<u>3500</u>
NET CURRENT ASSETS		<u>2781</u>	<u>1385</u>
Total assets less current liabilities		13841	10254
CREDITORS: Amounts falling due after more than one year	12	<u>4939</u>	<u>2366</u>
		8902	7888
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	<u>1720</u>	<u>1450</u>
NET ASSETS		<u>£ 7182</u>	<u>£ 6438</u>
CAPITAL AND RESERVES			
Called-up share capital	14	500	500
Profit and loss account	15	6673	5929
Capital reserves	16	9	9
SHAREHOLDERS' FUNDS	17	<u>£ 7182</u>	<u>£ 6438</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 12 October 1994 and were signed on its behalf by:

.....
G. Lightfoot
Director

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 1994

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Turnover

Turnover represents the invoiced value of goods and services supplied excluding value added tax and trade discounts.

c) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, over the expected useful economic lives of the assets as follows:-

Tanks	6.6% per annum (straight-line basis)
Trailers	10% per annum (straight-line basis)
Other assets	20% per annum (straight-line basis)

d) Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective stocks.

e) Deferred Taxation

Deferred taxation is accounted for in respect of all material timing differences which may materialise in the foreseeable future.

f) Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. The results of overseas subsidiaries are translated at the average rate of exchange for the year. All exchange differences are taken directly to reserves.

g) Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 1994

1. PRINCIPAL ACCOUNTING POLICIES - Continued

h) Pension Costs

The Company operates a defined benefit pension scheme whose assets are held separately from those of the Company in an independently administered fund.

Pension costs are accounted for on a basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

i) Cash Flow Statement

No cash flow statement has been prepared since the Company is a wholly owned subsidiary of a company registered in England.

j) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries as at 30 April 1994. Any goodwill arising on consolidation is written off to reserves in the period in which it arises.

As permitted by Section 230 of the Companies Act 1985, the Holding Company's Profit and Loss Account has not been included in these financial statements.

2. DIRECTORS AND EMPLOYEES

Employees

The average weekly number of employees (including directors) employed by the Group during the year was:-

	<u>1994</u> Number	<u>1993</u> Number
Forwarding and freights	<u>71</u>	<u>58</u>

	<u>1994</u> £000's	<u>1993</u> £000's
Staff costs for the above persons:		
Wages and salaries	1019	853
Social Security costs	107	85
Other pension costs	20	16
	<u>£ 1146</u>	<u>£ 954</u>

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued For the year ended 30 April 1994

2. DIRECTORS AND EMPLOYEES - Continued

Directors' Emoluments

The remuneration payable to the Directors was:-

	1994 £000's	1993 £000's
Emoluments (including pension contributions)	£ 200	£ 197

Emoluments (excluding pension contributions) included amounts due to:-

	1994 £000's	1993 £000's
The Chairman	£ NIL	£ NIL
The highest-paid Director	£ 84	£ 82

The emoluments (excluding pension contributions) due to the Directors (including the Chairman and highest-paid Director) were in the following ranges:-

	1994 Number	1993 Number
£ 0 - £ 5000	5	5
£45001 - £50000	1	1
£65001 - £70000	1	2
£80001 - £85000	1	-

3. TURNOVER

	1994 £000's	1993 £000's
Europe	11826	11238
Rest of the World	6536	2422
	£ 18362	£ 13660

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994 £000's	1993 £000's
	£ 1092	£ 1187

Profit on ordinary activities before taxation is stated after charging:

Depreciation	£ 1331	£ 847
Auditors' remuneration	£ 9	£ 9
Loss on disposal of fixed assets	£ 6	£ 9

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued For the year ended 30 April 1994

5. EXCEPTIONAL ITEM

The Directors were aware that depreciation rates previously applied to fixed assets were excessive and such rates were revised as follows:-

	<u>Revised Rate</u>	<u>Rate Previously Applied</u>
Tanks	6.6%	15%
Trailers	10%	15%

Straight-line basis of depreciation applies in each category.

Depreciation on assets existing at 30 April 1992 was recalculated since the date of acquisition and the overprovision arising at that date amounted to £1,347,000.

6. TAXATION

	<u>1994 £000's</u>	<u>1993 £000's</u>
U.K. Corporation Tax:		
Current year at 33%	48	313
(Over)/Under provision in respect of prior years	(15)	18
Overseas taxation	41	30
Deferred taxation	270	500
	<u>£ 344</u>	<u>£ 861</u>

Advantage has been taken of £41000 in respect of double taxation relief.

7. TANGIBLE FIXED ASSETS

<u>The Group</u>	<u>Plant, Equipment Fixtures & Fittings £000's</u>	<u>Vehicles, Tanks & Containers £000's</u>	<u>Total £000's</u>
Cost			
At 1 May 1993	673	13594	14267
Additions	430	3112	3542
Disposals	-	(89)	(89)
At 30 April 1994	<u>1103</u>	<u>16617</u>	<u>17720</u>
Depreciation			
At 1 May 1993	333	5065	5398
Charge	139	1192	1331
Eliminated in respect of disposals	-	(69)	(69)
At 30 April 1994	<u>472</u>	<u>6188</u>	<u>6660</u>
Net Book Values:			
At 30 April 1993	<u>£ 340</u>	<u>£ 8529</u>	<u>£ 8869</u>
At 30 April 1994	<u>£ 631</u>	<u>£ 10429</u>	<u>£ 11060</u>

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued
For the year ended 30 April 1994

7. TANGIBLE FIXED ASSETS - Continued

<u>The Company</u>	<u>Plant, Equipment, Fixtures & Fittings</u> £000's	<u>Vehicles, Tanks & Containers</u> £000's	<u>Total</u> £000's
Cost			
At 1 May 1993	621	13546	14167
Additions	397	3085	3482
Disposals	-	(89)	(89)
At 30 April 1994	<u>1018</u>	<u>16542</u>	<u>17560</u>
Depreciation			
At 1 May 1993	292	5038	5330
Charge	130	1175	1305
Eliminated in respect of disposals	-	(69)	(69)
At 30 April 1994	<u>422</u>	<u>6144</u>	<u>6566</u>
Net Book Values:			
At 30 April 1993	<u>£ 329</u>	<u>£ 8508</u>	<u>£ 8837</u>
At 30 April 1994	<u>£ 596</u>	<u>£ 10398</u>	<u>£ 10994</u>

8. INVESTMENTS

<u>The Company</u>	<u>1994</u> £000's	<u>1993</u> £000's
Shares in group companies	<u>£ 16</u>	<u>£ 16</u>

SHARES IN GROUP COMPANIES

<u>Name</u>	<u>Country of Incorporation</u>	<u>Activity</u>
Suttons International NV	Belgium	Shipping and Forwarding Agents
Suttons International (N.A.) Inc.	USA	Shipping and Forwarding Agents

Both the above are wholly-owned subsidiaries.

9. STOCKS

<u>The Company and the Group</u>	<u>1994</u> £000's	<u>1993</u> £000's
Consumable materials	<u>£ 130</u>	<u>£ 119</u>

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1994

	1994		1993	
	The Company	The Group	The Company	The Group
	£000's	£000's	£000's	£000's
10. DEBTORS				
Amounts falling due within one year:				
Trade debtors	3156	5230	2537	3932
Amounts owed by subsidiary companies	1230	-	1271	-
Other debtors	48	138	37	153
Prepayments	13	35	18	27
	<u>£ 4447</u>	<u>£ 5403</u>	<u>£ 3863</u>	<u>£ 4112</u>

11. CREDITORS

Amounts falling due within one year:				
Trade creditors	1236	2072	456	1159
Corporation tax	48	48	313	313
Other taxation and social security	52	106	103	162
Accruals	1075	1081	2087	1866
	<u>£ 2411</u>	<u>£ 3307</u>	<u>£ 2959</u>	<u>£ 3500</u>

12. CREDITORS

Amounts falling due after more than one year:				
Amounts owed to parent company	<u>£ 4939</u>	<u>£ 4939</u>	<u>£ 2366</u>	<u>£ 2366</u>

13. DEFERRED TAXATION

	£000's
<u>The Company and the Group</u>	
Provision at 1 May 1993	1450
Transfer from profit and loss account	270
Provision at 30 April 1994	<u>£ 1720</u>

The deferred taxation provision consists entirely of timing differences due to accelerated capital allowances.

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1994

14. SHARE CAPITAL

	<u>1994</u> £000's	<u>1993</u> £000's
<u>The Company and the Group</u>		
Authorised, allotted, called-up and fully paid		
500000 Ordinary Shares of £1 each	£ 500	£ 500

15. PROFIT AND LOSS ACCOUNT

	<u>The Company</u> £000's	<u>The Group</u> £000's
Balances at 1 May 1993	5940	5929
Retained profit for the year	537	748
Exchange differences	-	(4)
Balances at 30 April 1994	£ 6477	£ 6673

16. CAPITAL RESERVES (IN BELGIAN SUBSIDIARY)

	<u>Legal Reserve</u> £000's	<u>Social Reserve</u> £000's	<u>Total</u> £000's
Balances at 1 May 1993	2	7	9
Movement during the year	-	-	-
Balances at 30 April 1994	£ 2	£ 7	£ 9

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1994</u> £000's	<u>1993</u> £000's
Retained profit for the year	748	1673
Exchange difference	(4)	91
Increase in Social Reserve	-	1
Opening shareholders' funds	6438	4673
Closing shareholders' funds	£ 7182	£ 6438

18. CAPITAL EXPENDITURE

	<u>1994</u> £000's	<u>1993</u> £000's
Contracted but not provided for	£ 1463	£ 476

SUTTONS INTERNATIONAL LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS - Continued For the year ended 30 April 1994

19. FINANCIAL COMMITMENTS

At 30 April 1994 the Company had annual commitments under non-cancellable operating leases as follows:-

<u>Group and Company</u>	<u>1994</u>		<u>1993</u>	
	<u>Land and Buildings</u> £000's	<u>Other</u> £000's	<u>Land and Buildings</u> £000's	<u>Other</u> £000's
Expiring within one year	£ 24	£ -	£ 24	£ -
Expiring between two and five years	£ -	£ 2	£ -	£ -

20. GUARANTEES

The Company has guaranteed the bank borrowings of other companies in the Group.

21. PENSION COSTS

The Company is a member of the Group pension scheme which is a defined benefit pension scheme whose assets are held separately from those of the Group in an independently administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. The latest actuarial valuation was at 1 May 1992. Particulars of the valuation are contained in the accounts of Thomas Cradley Holdings Limited. The total pension costs for the Company were £20000 (1993: £16000).

22. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Thomas Cradley Holdings Limited, a Company registered in England.