

Trans European Holdings Limited
(formerly P&O Trans European (Holdings) Limited)

Directors' report and financial statements

Period ended 31 March 2003

Registered number 968911



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Directors' report

The directors present their report and the audited financial statements for the 15 month period ended 31 March 2003.

Change of name

On 8 January 2003, the company changed its name from P&O Trans European (Holdings) Limited to Trans European Holdings Limited as a result of a change in ultimate holding company (see page 2).

Principal activities and business review

The company co-ordinated the general management activities within P&O Trans European, part of The Peninsular and Oriental Steam Navigation Company, up to 31 December 2002 when the company was acquired as part of the wider acquisition of P&O Trans European by Wincanton plc (see page 2).

The company's investments in the Unit Loads businesses were sold to The Peninsular and Oriental Steam Navigation Company in December 2002 prior to the acquisition by Wincanton plc.

Results and dividends

The profit for the period retained in the company is £7,972,000 (31 December 2001: loss £707,000). No interim dividend (2001: £1,584,000) was paid. A final dividend of £300,000 (2001: £Nil) is proposed.

Directors and directors' interests

The directors who held office during the period and to the date of this report were:

| | | | |
|--------------|---|-------------------|---|
| G D S Dunlop | - | Chairman | resigned 31 December 2002 |
| C J Rice | - | Managing Director | resigned 31 December 2002 |
| D J Crowther | - | | resigned 31 December 2002 |
| J R Steele | - | | resigned 31 December 2002 |
| M N Taylor | - | | resigned 31 December 2002 |
| J Bradshaw | - | | resigned 31 December 2002 |
| D McMillan | - | | resigned 31 December 2002 |
| H H Kersten | - | | resigned 31 December 2002 |
| C F Phillips | - | | appointed 31 December 2002; resigned 1 April 2003 |
| G D Connell | - | | appointed 31 December 2002 |
| P Bateman | - | | appointed 1 April 2003 |
| G McFaul | - | | appointed 1 April 2003 |

The resignations of Messrs Dunlop, Rice, Crowther, Steele, Taylor, Bradshaw, McMillan and Kersten were as a result of the acquisition of P&O Trans European by Wincanton plc.

P Bateman, G D Connell and G McFaul are directors of Wincanton plc and their share interests are disclosed in the accounts of that company.

C F Phillips, who was a director at 31 March 2003, held interests in share options over 130,000 ordinary shares in Wincanton plc at that date.

Directors' report *(continued)*

Change in ultimate holding company

On 31 December 2002, Wincanton plc acquired P&O Trans European and consequently the ultimate holding company changed from The Peninsular and Oriental Steam Navigation Company to Wincanton plc.

By order of the board



C F Phillips
Secretary

23 September 2003

Cale House
Station Road
Wincanton
Somerset
BA9 9AD

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc
100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the independent auditors to the members of Trans European Holdings Limited (formerly P&O Trans European (Holdings) Limited)

We have audited the financial statements on pages 5 to 17.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' report 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.

Basis of audit 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 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 as at 31 March 2003 and of its profit for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 September 2003

Profit and loss account

for the 15 month period ended 31 March 2003

| | Note | 15 month period ended 31 March 2003 £000 | Year ended 31 December 2001 £000 |
|--|------|--|--|
| Turnover | | 21 | - |
| Administrative expenses | | (2,424) | (1,559) |
| Operating loss | | (2,403) | (1,559) |
| Income from shares in group companies | | - | 3,284 |
| Interest receivable and similar income | 5 | 4,791 | 2,818 |
| Interest payable and similar charges | 6 | (6,096) | (4,444) |
| Profit on sale of investments | | 11,898 | - |
| Profit on ordinary activities before taxation | 2 | 8,190 | 99 |
| Tax on profit from ordinary activities | 7 | 82 | 778 |
| Profit on ordinary activities after taxation | | 8,272 | 877 |
| Dividends | | (300) | (1,584) |
| Retained profit/(loss) for the financial period | | 7,972 | (707) |

The notes on pages 7 to 17 form part of these financial statements.

Statement of total recognised gains and losses

for the 15 month period ended 31 March 2003

| | 15 month period ended 31 March 2003 £000 | Year ended 31 December 2001 £000 |
|---|--|--|
| Profit/(loss) for the financial period | 7,972 | (707) |
| Exchange movements on foreign currency loans | (97) | - |
| Total recognised gains and losses for the financial period | 7,875 | (707) |

Balance sheet
at 31 March 2003

| | <i>Note</i> | 31 March 2003 | | 31 December 2001 | |
|--|-------------|----------------------|-------------|-------------------------|-------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 8 | | 118 | | 1,353 |
| Investments | 9 | | 30,499 | | 27,684 |
| | | | | | |
| | | | 30,617 | | 29,037 |
| Current assets | | | | | |
| Debtors | 10 | 56,225 | | 81,790 | |
| Short term investments | | 4 | | 809 | |
| Cash at bank and in hand | | 2,812 | | 6,117 | |
| | | | | | |
| | | 59,041 | | 88,716 | |
| Creditors: amounts falling due within one year | 11 | (50,338) | | (75,154) | |
| | | | | | |
| Net current assets | | | 8,703 | | 13,562 |
| | | | | | |
| Total assets less current liabilities | | | 39,320 | | 42,599 |
| | | | | | |
| Creditors: amounts falling due after more than one year | 12 | | (901) | | (12,055) |
| | | | | | |
| Net assets | | | 38,419 | | 30,544 |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 29,200 | | 29,200 | |
| Profit and loss account | 15 | 9,219 | | 1,344 | |
| | | | | | |
| Equity shareholders' funds | | | 38,419 | | 30,544 |

These financial statements were approved by the board of directors on **23** September 2003 and were signed on its behalf by:


G D Connell
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Wincanton plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Wincanton plc, within which this company is included, can be obtained from the address given in note 20.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement as it was a wholly owned subsidiary of The Peninsular and Oriental Steam Navigation Company to 31 December 2002 and of Wincanton plc from that date, which both publish a consolidated cash flow statement for their group.

Tangible assets and depreciation

The cost of tangible assets includes directly attributable costs. The cost of financing the construction of major warehouses is included in their capitalised cost.

The charge for depreciation is calculated to write down the cost of tangible assets, excluding freehold land and assets in the course of construction, to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

| | | |
|---|---|------------------------------|
| Motor vehicles | - | 5 years |
| Fixtures, fittings and office equipment | - | 4 -10 years |
| Computer equipment | - | 4 years |
| Leasehold property improvements | - | Over the period of the lease |

Fixed asset investments

Fixed asset investments are stated at cost less, where appropriate, provision for impairment in value.

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction, or where applicable, the contracted rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the end of the financial year.

Notes (continued)

1 Accounting policies (continued)

Post retirement benefits

The Wincanton group, of which the company is a member, operates defined contribution and defined benefit pension schemes. The assets of these schemes are held separately from those of the group. Contributions in respect of the defined contribution schemes are charged to the profit and loss account in the accounting period they become payable. Contributions to the defined benefit schemes are charged to the profit and loss account so as to spread the cost on pensions over the service lives of the employees in the schemes. Variations from the regular cost are spread over the expected average remaining service lives of current employees in the schemes.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have occurred but not reversed by the balance sheet date, except as otherwise required by FRS19 'Deferred Tax'.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes (continued)

2 Profit on ordinary activities before taxation

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--|-----------------------|--------------------------|
| <i>Profit on ordinary activities before taxation is stated after charging:</i> | | |
| Audit fees | 5 | 29 |
| Depreciation and other amounts written off tangible fixed assets | 683 | 253 |
| Rentals payable under operating leases | 152 | 183 |
| Loss on sale of other fixed assets | 1 | - |
| | <u> </u> | <u> </u> |

3 Remuneration of Directors

| | 31 March 2003 £000 | 31 December 2001 £000 |
|---|-----------------------|--------------------------|
| Directors' emoluments – to 31 December 2002 | 339 | 295 |
| | <u> </u> | <u> </u> |

Post 1 January 2003 no directors' remuneration was borne by the company.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors whose costs are borne by the company) during the period, analysed by category, was as follows:

| | 31 March 2003 Number | 31 December 2001 Number |
|----------------|-------------------------|----------------------------|
| Administration | 9 | 9 |
| | <u>9</u> | <u>9</u> |

The aggregate payroll costs of these persons were as follows:

| | 31 March 2003 £000 | 31 December 2001 £000 |
|-----------------------|-----------------------|--------------------------|
| Wages and salaries | 720 | 587 |
| Social security costs | 80 | 63 |
| Other pension costs | 108 | 91 |
| | <u>908</u> | <u>741</u> |

5 Interest receivable and similar income

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--------------------|-----------------------|--------------------------|
| Group undertakings | 4,500 | 2,370 |
| Bank interest | 270 | 425 |
| Other interest | 21 | 23 |
| | <u>4,791</u> | <u>2,818</u> |

6 Interest payable and similar charges

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--------------------|-----------------------|--------------------------|
| Group undertakings | 6,093 | 4,436 |
| Bank interest | 3 | 8 |
| | <u>6,096</u> | <u>4,444</u> |

Notes (continued)

7 Taxation

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--|-----------------------|--------------------------|
| UK Corporation tax at 30% (31 December 2001:30%) | | |
| Current year | (27) | (880) |
| Prior year | - | 141 |
| Deferred taxation | | |
| Current year | (55) | (39) |
| | <u>(82)</u> | <u>(778)</u> |

The following table reconciles the tax charge at the UK standard rate to the actual tax charge :

| | 31 March 2003 £000 | 31 December 2001 £000 |
|---|-----------------------|--------------------------|
| Profit on ordinary activities before tax: | 8,190 | 99 |
| Tax charge at UK standard rate (30%) | 2,457 | 30 |
| Permanent differences | | |
| - disallowable expenditure | 230 | 36 |
| - non taxable gain | (3,569) | - |
| - intra group dividends | - | (985) |
| - losses carried forward not recognised | 800 | - |
| Timing differences | | |
| - movement on ACA's | 55 | 39 |
| | <u>(27)</u> | <u>(880)</u> |

Notes (continued)

8 Tangible fixed assets

| | Computer equipment | Motor vehicles | Fixtures, fittings and equipment | Short leasehold property improvements | Total |
|------------------------------|-----------------------|-------------------|-------------------------------------|---|-------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | |
| At beginning of period | 1,247 | 53 | 141 | 1,034 | 2,475 |
| Additions | 32 | 29 | 4 | 30 | 95 |
| Disposals | (443) | - | (29) | - | (472) |
| Intra P&O Group transfers | (255) | (26) | (2) | (288) | (571) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | 581 | 56 | 114 | 776 | 1,527 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At beginning of period | 671 | 18 | 120 | 313 | 1,122 |
| Charged in period | 362 | 24 | 21 | 519 | 926 |
| On disposals | (443) | - | (27) | - | (470) |
| On intra P&O Group transfers | (98) | (15) | - | (56) | (169) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | 492 | 27 | 114 | 776 | 1,409 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | |
| At 31 March 2003 | 89 | 29 | - | - | 118 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2001 | 576 | 35 | 21 | 721 | 1,353 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Notes (continued)

9 Fixed asset investments

Shares in subsidiary undertakings

| | 31 March 2003 £000 | 31 December 2001 £000 |
|----------------------------|-----------------------|--------------------------|
| Cost | | |
| At beginning of the period | 27,939 | 27,939 |
| Additions | 19,010 | - |
| Disposals | (16,450) | - |
| | <hr/> | <hr/> |
| At end of the period | 30,499 | 27,939 |
| | <hr/> | <hr/> |
| Provisions | | |
| At beginning of the period | 255 | 255 |
| Movement during the period | (255) | - |
| | <hr/> | <hr/> |
| At end of the period | - | 255 |
| | <hr/> | <hr/> |
| Net book value | 30,499 | 27,684 |
| | <hr/> | <hr/> |

Of the additions during the period, £11,500,000 represents an unconditional gift of capital by the company to its subsidiary, Wincanton Trans European Limited, on 31 March 2003.

| Subsidiary undertakings | Country of registration | Principal activity |
|--|-------------------------|-----------------------------|
| Wincanton Trans European Limited | England & Wales | Contract logistics services |
| Red Carnation Gums Limited | England & Wales | Merchanting gums |
| Butlers (Grinders and Operators) Limited | England & Wales | Dormant |
| Roadtanks Limited | England & Wales | Dormant |
| Petroleum Logistics Limited | England & Wales | Dormant |

All of the subsidiaries are wholly owned. All of the interests represent holdings in the ordinary shares of the companies.

Notes (continued)

10 Debtors

| | 31 March 2003 £000 | 31 December 2001 £000 |
|------------------------------------|-----------------------|--------------------------|
| Trade debtors | 357 | - |
| Amounts owed by group undertakings | 55,679 | 80,522 |
| Other debtors | 11 | 565 |
| Corporation tax | 12 | 542 |
| Deferred taxation (note 13) | 160 | 105 |
| Prepayments and accrued income | 6 | 56 |
| | <hr/> 56,225 <hr/> | <hr/> 81,790 <hr/> |

The amounts owed by group undertakings comprise:

| | | |
|---|--------------------|--------------------|
| Parent and fellow subsidiary undertakings | - | 106 |
| Subsidiary undertakings | 55,679 | 80,416 |
| | <hr/> 55,679 <hr/> | <hr/> 80,522 <hr/> |

Included in amounts owed by group undertakings are amounts of £6,873,000 (31 December 2001: £39,960,000) which are due after one year.

11 Creditors: amounts falling due within one year

| | 31 March 2003 £000 | 31 December 2001 £000 |
|------------------------------------|-----------------------|--------------------------|
| Bank overdrafts | - | 102 |
| Trade creditors | 78 | 628 |
| Amounts owed to group undertakings | 49,455 | 73,585 |
| Other creditors | 458 | 767 |
| Accruals and deferred income | 47 | 72 |
| Dividends proposed | 300 | - |
| | <hr/> 50,338 <hr/> | <hr/> 75,154 <hr/> |

The amount owed to group undertakings comprise:

| | | |
|---|--------------------|--------------------|
| Parent and fellow subsidiary undertakings | 49,455 | 73,585 |
| | <hr/> 49,455 <hr/> | <hr/> 73,585 <hr/> |

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

| | 31 March 2003 £000 | 31 December 2001 £000 |
|---|------------------------------|--------------------------|
| Amounts owed to group undertakings | 901 | 12,055 |
| <i>The amounts owed to group undertakings comprise:</i> | | |
| Parent and fellow subsidiary undertakings | - | 3,227 |
| Subsidiary undertakings | 901 | 8,828 |
| | 901 | 12,055 |

13 Deferred taxation

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--|------------------------------|--------------------------|
| At beginning of the period | 105 | 66 |
| Amounts charged in the profit and loss account | 55 | 39 |
| At end of the period | 160 | 105 |

| | 31 March 2003 £000 | 31 December 2001 £000 |
|---|------------------------------|--------------------------|
| Deferred tax asset relating to: Difference between accumulated depreciation and capital allowances claimed | 160 | 105 |
| Deferred tax asset not recognised: Losses carried forward | 800 | - |

14 Called up share capital

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--|------------------------------|--------------------------|
| <i>Authorised</i> 30,000,000 ordinary shares of £1 each | 30,000 | 30,000 |
| <i>Allotted, called up and fully paid</i> 29,200,000 ordinary shares of £1 each | 29,200 | 29,200 |

Notes (continued)

15 Reserves

| | Profit and loss account £000 |
|--|------------------------------------|
| At 1 January 2002 | 1,344 |
| Retained profit for the period | 7,972 |
| Net exchange adjustments arising on foreign currency investments and related borrowings | (97) |
| At 31 March 2003 | 9,219 |

16 Reconciliation of movements in shareholders' funds

| | 31 March 2003 £000 | 31 December 2001 £000 |
|--|-----------------------|--------------------------|
| Opening shareholders' funds | 30,544 | 31,251 |
| Total recognised gains and losses for the period | 7,875 | (707) |
| Closing shareholders' funds | 38,419 | 30,544 |

17 Contingent liabilities

The company had no contingent liabilities at 31 March 2003 (31 December 2001: Nil).

18 Commitments

The commitment of the company during the following year in respect of non-cancellable operating leases is as follows:

| | 31 March 2003 Land and Buildings £000 | 31 December 2001 Land and Buildings £000 |
|--|--|---|
| Operating leases which expire: | | |
| Within one year | - | - |
| In the second to fifth years inclusive | - | - |
| Over five years | 94 | 188 |
| | 94 | 188 |

19 Pensions Commitments

During the 12 months to 31 December 2002, prior to the acquisition by Wincanton, the company participated in the main P & O pension scheme, which is of the defined benefit type with assets held in a separate trustees administered fund. Full particulars of this scheme are contained in the published accounts of P & O.

For the subsequent 3 month period to 31 March 2003, following the acquisition, the company continued to participate in the P & O pension scheme. From 1 April 2003 those employees covered by defined benefit arrangements were offered membership of the defined benefit section of the Wincanton scheme and all other employees were offered defined contribution benefits.

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme. The aggregate market value of the assets of the defined benefit sections of the Scheme as at 31 March 2002 was £282.0m and the value of these assets was 99% of the accrued liabilities.

The latest full actuarial valuation was carried out at 31 March 2002 and was updated for FRS 17 purposes to 2003 by a qualified independent actuary. The total pension contribution for the year was £15,200,000 (2002: £12,300,000). It has been agreed that an employer contribution rate of 13.6% of pensionable pay will apply in future years.

20 Ultimate Holding Company

Until 31 December 2002 the ultimate holding company was The Peninsular and Oriental Steam Navigation Company, a company incorporated in Great Britain and registered in England and Wales.

On 31 December 2002 Wincanton plc, a company incorporated in Great Britain and registered in England and Wales, acquired P&O Trans European from the Peninsular and Oriental Steam Navigation Company and became the ultimate holding company.

The largest and smallest group in which the results of Trans European Holdings Limited are consolidated is that headed by The Peninsular and Oriental Steam Navigation Company up to 31 December 2002, and that headed by Wincanton plc from that date. Copies of the report and accounts of Wincanton plc can be obtained from Cale House, Station Road, Wincanton, Somerset BA9 9AD.