Co House
1175491

WINLEN BAY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER, 1998

DIRECTORS AND OFFICERS

DIRECTORS	H.H. Winkler S.J. Palmer
SECRETARY	S.J. Palmer
AUDITORS	Farmiloes, Winston Churchill House, Ethel Street, Birmingham, B2 4BG.
REGISTERED OFFICE	Unit 7, Jerome Road, Norton Canes, Cannock, Staffs. WS11 3UT.
BANKERS	National Westminster Bank PLC, P.O. Box 4479, Birmingham, B4 6DP.
COMPANY NUMBER	1175491

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 30th September, 1998.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activities of the company during the year were shipping and forwarding agents and haulage contractors.

The results for the year and the year end financial position were satisfactory, and the level of activity is expected to be maintained for the foreseeable future.

FIXED ASSETS

Changes in the fixed assets are shown in note 8 to the financial statements.

DIRECTORS AND THEIR SHARE INTERESTS

The directors who have been in office during the year are as follows :

H.H. Winkler
S.J. Palmer

The beneficial interests of directors and their families in the shares of the company at the date of the balance sheet and at commencement of the year were :

	Ordinary shares of £1 each
H.H. Winkler	50,000
S.J. Palmer	-

REPORT OF THE DIRECTORS (CONTINUED)

YEAR 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year and will therefore need to be modified or replaced to record the Year 2000. Our business depends on a computerised accounting system to prepare the accounts and record transactions.

The directors have assessed the various risks to the business, and have taken action to :

- ensure that the computer software and hardware will be compliant;

- evaluate the risk to the company of the failure of customers or suppliers as a consequence of their not being Year 2000 compliant.

It is impossible to guarantee that no Year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

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 or loss of the company for that period. In preparing those financial statements the directors are required to :

- select suitable accounting policies and then apply them consistently;

- make judgments 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

The auditors, Messrs. Farmiloes, having indicated their willingness, will be proposed for reappointment at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

S.J. Palmer

SECRETARY

Unit 7, Jerome Road,
Norton Canes,
Cannock,
Staffs. WS11 3UT.

6th January, 1999.

FARMILOES
CHARTERED ACCOUNTANTS

Winston Churchill House
Ethel Street
Birmingham B2 4BG

AUDITORS REPORT TO THE SHAREHOLDERS OF

WINLEN BAY LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of the directors and auditors

As described on page 3, 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 judgments 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 at 30th September, 1998, and of its results for the year then ended, and have been properly prepared in accordance with the Companies Act, 1985.

FARMILOES
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITOR

6th January, 1999.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER, 1998

	Notes	1998	1997
TURNOVER - continuing operations	2	£2,731,078	£2,465,390
Profit on ordinary activities before taxation - continuing operations	3	83,640	92,051
Tax on ordinary activities	4	18,929	18,835
Profit on ordinary activities after taxation	5	64,711	73,216
Retained profit brought forward		209,426	136,210
Retained profit carried forward		£274,137	£209,426

There are no recognised gains or losses other than the profit for the financial year.

BALANCE SHEET

AS AT 30TH SEPTEMBER, 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	8	272,467	274,090
Investments	9	52,106	-
		324,573	274,090
CURRENT ASSETS			
Debtors	10	609,046	612,198
Cash at bank and in hand		27,890	24,053
		636,936	636,251
CREDITORS - Amounts falling due within one year	11	629,618	650,578
NET CURRENT ASSETS/(LIABILITIES)		7,318	(14,327)
TOTAL ASSETS LESS CURRENT LIABILITIES		331,891	259,763
CREDITORS - Amounts falling due after more than one year	12	7,435	-
Provisions for liabilities and charges	13	319	337
		7,754	337
NET ASSETS		£324,137	£259,426
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account		274,137	209,426
SHAREHOLDERS FUNDS	15	£324,137	£259,426

The financial statements were approved by the directors on 6th January, 1999.

....) H.H. Winkler
) DIRECTORS
....) S.J. Palmer

1. ACCOUNTING POLICIES

a. Accounting convention

These financial statements have been prepared in accordance with the historical cost convention. The accounts are prepared in accordance with applicable accounting standards.

b. Depreciation

Depreciation of fixed assets is provided at rates calculated to write off the cost of the assets over the term of their useful lives. The rates in use for the various classes of assets are as follows :

Freehold property	-	1% on a straight line basis.
Fixtures and fittings	-	25% on a reducing balance basis.
Plant and machinery	-	25% on a reducing balance basis.
Motor vehicles	-	25% on a reducing balance basis.

In accordance with Statement of Standard Accounting Practice No. 19, the investment property has been included on the balance sheet at cost which the directors consider to represent approximately the open market value. No depreciation is charged on the investment property.

c. Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

d. Hire purchase

Additions to fixed assets purchased under hire purchase and lease purchase contracts are capitalised at cost. Interest payable during the accounting period is charged in the trading account.

1. ACCOUNTING POLICIES (CONTINUED)

e. Leased assets

Items of a fixed asset nature which are leased by the company are capitalised at cost in accordance with SSAP 21. They are shown as leased assets in the balance sheet. The interest element is charged in the trading account.

Rental payments in respect of operating leases are charged in the trading account.

f. Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services within the company's ordinary activities after deducting value added tax.

	1998	1997
United Kingdom	1,782,228	1,583,190
Overseas - Europe	948,850	882,200
	£2,731,078	£2,465,390

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
Turnover	2,731,078	2,465,390
Cost of sales	2,187,152	1,965,515
Gross profit	543,926	499,875
Administrative expenses	(433,661)	(381,359)
Interest payable and similar charges	(28,553)	(26,465)
	(462,214)	(407,824)
	81,712	92,051
Net income from letting of flat	1,928	-
	£83,640	£92,051

4. TAXATION

	1998	1997
Tax on ordinary activities based on the results for the year :		
Corporation tax @ 21% (1997 : 22.5%)	18,950	19,034
Deferred tax (note 13)	(18)	(245)
Interest on overdue tax	-	46
Adjustment re prior year	(3)	-
	£18,929	£18,835

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	1998	1997
This is stated after the following amounts :		
Depreciation and amortisation	12,623	12,324
Loss on disposals of fixed assets	-	238
Auditors remuneration	10,000	10,000
Directors emoluments	56,877	55,274
Directors pension	9,820	8,445
Staff costs :		
Wages and salaries	349,051	301,565
Social Security costs	37,972	34,587

6. EMPLOYEE INFORMATION

The average weekly number of employees, including directors, employed by the company during the year amounted to 26 (1997 : 24), made up as follows :

	1998	1997
Administrative	14	13
Sales and distribution	12	11
	26	24

7. TRANSACTIONS WITH DIRECTORS

Mr. H.H. Winkler has an interest in Winlen Bay Spedition GmbH, a company to which this company has made sales of £267,109 (1997 : £221,231) and purchases from of £290,771 (1997 : £231,092). All of these transactions took place on an arms length basis.

None of the other directors has any material interests, direct or indirect, in any contract entered into by the company.

8. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
Cost					
At 1st October, 1997	252,255	7,673	83,731	33,500	377,159
Additions	-	-	11,000	-	11,000
At 30th September, 1998	252,255	7,673	94,731	33,500	388,159
Depreciation					
At 1st October, 1997	7,569	6,011	69,962	19,527	103,069
Charge for year	2,523	415	6,192	3,493	12,623
At 30th September, 1998	10,092	6,426	76,154	23,020	115,692
Net book values					
At 30th September, 1998	£242,163	£1,247	£18,577	£10,480	£272,467
At 30th September, 1997	£244,686	£1,662	£13,769	£13,973	£274,090

9. INVESTMENTS

	Leasehold property
Addition and at 30th September, 1998	£52,106

The investment property has been included at cost, which the directors consider to approximate to open market value.

10. DEBTORS

	1998	1997
Trade debtors	596,943	603,268
Amounts due from factoring agent	2,629	-
Prepayments and accrued income	6,662	6,118
Directors loan account	2,812	2,812
	£609,046	£612,198

11. CREDITORS - Amounts falling due within one year

	1998	1997
Bank overdraft and loan (note a)	35,284	35,148
Trade creditors	529,549	436,908
Amount due to factoring agents (note b)	-	120,354
Other creditors, including taxation and Social Security	53,975	47,052
Accruals and deferred income	10,810	11,116
	£629,618	£650,578

a) The company's bankers hold a fixed charge over the freehold property and a floating charge over the other assets.

b) The amounts owed to factoring agents is secured on certain of the trade debtors.

12. **CREDITORS** - Amounts falling due after more than one year

	1998	1997
Bank loans (note 11 a))	£7,435	£Nil

13. **PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation :

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profit as stated in the financial statements.

The total potential liability to deferred taxation and the amounts provided are as follows :

	1998		1997	
	Full potential liability	Provision made	Full potential liability	Provision made
Accelerated capital allowances	£319	£319	£337	£337

14. **CALLED UP SHARE CAPITAL**

	Authorised	Allotted, issued and fully paid
Ordinary shares of £1 each	500,000	50,000

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1998	1997
Profit for the financial year	64,711	73,216
Opening shareholders funds	259,426	186,210
Closing shareholders funds	£324,137	£259,426

16. CAPITAL COMMITMENTS

There were no capital commitments at 30th September, 1998 (1997 : £Nil).

17. CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors.

18. PENSION FUND

The company operates two defined contribution pension schemes. The contributions are invested with insurance companies, and contributions payable to the scheme are charged against profits in the year they are due. The charge against profits for the year was £9,820 (1997 : £8,445). There were no contributions owing to the schemes at the year end.