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F.C. BENNETT (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1990



F.C. BENNETT (HOLDINGS) LIMITEDDIRECTORS' REPORT

The directors submit their annual report and the financial statements of the company for the year ended 31st March 1990.

Review of the business

With effect from 2nd April 1989 the assets and trade of the company were transferred to BET (No.8) Limited together with those of the following Bennett Group companies and United Transport Contract Services Limited:

F.C. Bennett & Sons Limited
F.C. Bennett & Sons Warehousing Limited
Cowley Freight Terminal Limited
Cowley Freight Terminal Property Limited
Bennett Services Limited
Welham Warehousing Limited

BET (No.8) Limited changed its name to United Transport Contract Services Limited on 7th August 1989.

Fixed assets

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

Directors

The directors who served during the year under review were:

M.G.J. Reid (resigned 25th September 1989)
M.G. Crisp
J.T.H. Bennett (resigned 31st October 1989)
N.F. Bennett
A.E. Cooper
C.R. Beckett (resigned 31st October 1989)
R.G. Wilson (appointed 31st October 1989)

In accordance with the Articles of Association Mr. R.G. Wilson retires and being eligible, offers himself for re-election.

F.C. BENNETT (HOLDINGS) LIMITEDDIRECTORS' REPORT
(continued)Directors' interests

None of the directors had an interest in the shares of the company at the beginning or end of the year.

The interests of the directors who are also directors of the parent company are disclosed in that company's statutory accounts.

A trust, for which D.C. Bennett, J.T.H. Bennett and N.F. Bennett are the beneficiaries, holds 815,557 (1988: 815,557) ordinary shares in BET plc.

Auditors

Our auditors Peat Marwick McLintock have informed us that they will practise under the name of KPMG Peat Marwick McLintock with effect from 1st January 1990 and accordingly have signed their report in their new name.

KPMG Peat Marwick McLintock have indicated that they will not offer themselves for re-election at the forthcoming annual general meeting. In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of Coopers and Lybrand Deloitte as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

Registered office:
Milton Common Road,
Thame,
Oxon.
OX9 2JB

16th November 1990

AUDITORS' REPORT TO THE MEMBERS OFF.C. BENNETT (HOLDINGS) LIMITED

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick Mitchell

Birmingham
16th November 1990

Chartered Accountants

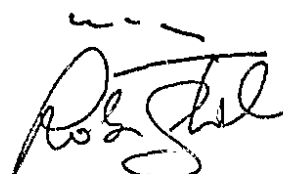
F.C. BENNETT (HOLDINGS) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st MARCH 1990

	<u>Note</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
TURNOVER	2	-	98,260
Cost of sales		-	-
GROSS PROFIT		-	98,260
Administrative expenses		-	(111,379)
Other operating income		-	-
OPERATING PROFIT/(LOSS)	3	-	(13,119)
Income from shares in group companies		714,000	-
Interest payable	6	-	(54,719)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		714,000	(67,838)
Taxation	7	-	30,172
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		714,000	(37,666)
Dividends - paid		(510,000)	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	<u>204,000</u>	<u>(37,666)</u>

F.C. BENNETT (HOLDINGS) LIMITEDBALANCE SHEETAT 31st MARCH 1990

		1990		1989	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	8		-		26,698
Investments	9		528,182		528,182
			528,182		554,880
CURRENT ASSETS					
Debtors	10	714,000		119,024	
Cash at bank and in hand		-		129	
		714,000		119,153	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	11	(1,051,937)		(687,788)	
NET CURRENT LIABILITIES					
			(337,937)		(568,635)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			190,245		(13,755)
CAPITAL AND RESERVES					
Called up share capital	12		22,096		22,096
Profit and loss account			168,149		(35,851)
			190,245		(13,755)

The financial statements were approved by the board of directors on 16th November 1990.

) DIRECTOR

F.C. BENNETT (HOLDINGS) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st MARCH 1990

	<u>1990</u>		<u>1989</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS				
(Loss)/profit on ordinary activities before taxation		-		(67,838)
Adjustments for items not involving the movement of funds:				
Depreciation of tangible fixed assets	-		8,719	
Loss/(profit) on disposal of fixed assets	-		1,262	
		-		9,981
TOTAL (ABSORBED BY)/GENERATED FROM OPERATIONS		-		(57,857)
FUNDS FROM OTHER SOURCES				
Group relief received	-		76,482	
Sale proceeds of fixed assets	-		9,325	
Hire purchase and finance lease advances	-		-	
Issue of share capital	-		-	
		-		85,807
		-		27,950
APPLICATION OF FUNDS				
Dividend paid	-		(174,500)	
Disposal of net liabilities	(13,755)*		-	
Loans repaid	-		-	
Purchase of fixed assets	-		(19,483)	
Hire purchase and finance lease repayments	-		(9,419)	
Investment in group company	-		-	
		(13,755)		(203,402)
		(13,755)		(175,452)
ANALYSIS OF WORKING CAPITAL (DECREASE)/INCREASE				
Debtors		-*		(985,479)
Creditors		(13,755)*		(85,190)
		(13,755)		(1,070,669)
MOVEMENT IN NET LIQUID FUNDS:				
Bank and cash balances		-*		895,217
		(13,755)		(175,452)

F.C. BENNETT (HOLDINGS) LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st MARCH 1990
(continued)* Disposal of net liabilitiesDischarged by:

	<u>£</u>		<u>£</u>
Tangible fixed assets	26,698	Inter-company creditor	(541,937)
Debtors	119,024		
Cash in hand	129		
Creditors	(687,788)		
	<u>(541,937)</u>		<u>(541,937)</u>

F.C. BENNETT (HOLDINGS) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 19901. Accounting policies(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives in equal annual instalments at the following rates:

Motor vehicles	- 4 or 5 years
Fixtures and fittings	- 7 years
Computer	- 3 years

The depreciation policy for motor vehicles has been changed during the year from 25% straight line to 20% straight line.

(c) Investments

Investments held as fixed assets are stated at cost in the balance sheet.

(d) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(e) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are charged against profits in proportion to the reducing capital element outstanding. Rental costs under operating leases are charged to profit and loss account in equal annual instalments over the period of the leases.

2. Turnover

Turnover represents the total management fee income, excluding value added tax.

F.C. BENNETT (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1990
 (continued)

3. Operating loss/(profit)

Operating loss/(profit) is stated after charging:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Administrative expenses including:		
Auditors' remuneration (including expenses)	-	2,160
Depreciation	-	8,719
Loss/(profit) on disposal of fixed assets	-	1,262
	<u> </u>	<u> </u>

4. Staff costs

The cost of employing staff, including directors, was:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Wages and salaries	-	85,866
Social security costs	-	7,710
Pension costs	-	6,256
	<u> </u>	<u> </u>
	-	99,832
	<u> </u>	<u> </u>

The average weekly number of employees during the year was:

	<u>Number</u>	<u>Number</u>
Administrative and office	-	3
	<u> </u>	<u> </u>

F.C. BENNETT (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1990
 (continued)

5. Directors' emoluments

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Emoluments, including pension contributions	-	89,107
Details of directors' emoluments, excluding contributions are:		
The chairman	-	17,230
Highest paid director	-	39,450
Other directors were in the following bands of emoluments:		
	<u>Number</u>	<u>Number</u>
£0 - £5,000	5	4
£20,001 - £25,000	-	1
£25,001 - £30,000	-	-

6. Interest payable

On bank loans, overdrafts and other loans wholly repayable within five years:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Bank overdraft and loan interest	-	54,044
Hire purchase contracts and finance leases payable by instalments	-	675
	-	54,719

F.C. BENNETT (HOLDINGS) LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 1990

(continued)

7. Taxation

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
U.K. corporation tax at 35% on the profit/(loss) adjusted for tax purposes	-	(19,700)
Prior year adjustment	-	(10,472)
	<u>-</u>	<u>(30,172)</u>

No tax is chargeable on this years profits as a group income election is in force.

8. Tangible assets - vehicles and fixtures and fittings

	<u>Motor vehicles £</u>	<u>Fixtures and fittings £</u>	<u>Total £</u>
<u>Cost</u>			
At 1st April 1989	30,554	10,726	41,280
Inter-company transfer	(30,554)	(10,726)	(41,280)
At 31st March 1990	<u>-</u>	<u>-</u>	<u>-</u>
<u>Depreciation</u>			
At 1st April 1989	11,100	3,482	14,582
Inter-company transfer	(11,100)	(3,482)	(14,582)
At 31st March 1990	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net book value</u>			
At 31st March 1990	<u>-</u>	<u>-</u>	<u>-</u>
At 1st April 1989	<u>19,454</u>	<u>7,244</u>	<u>26,698</u>

F.C. BENNETT (HOLDINGS) LIMITEDNOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 1990
(continued)

9. Investments

U.K. subsidiary companies:

<u>Name</u>	<u>Country of registration</u>	<u>Percentage of equity held</u>	<u>Type of shares held</u>
F.C. Bennett & Sons Limited	England	100%	£1 ordinary
F.C. Bennett & Sons Warehousing Limited	England	100%	£1 ordinary
Interoute Limited	England	90%	£1 ordinary
Interoute Forwarding Limited	England	90%	£1 ordinary
Welham Warehousing Limited	England	100%	£1 ordinary
Bennett Services Limited	England	100%	£1 ordinary

Interoute and Interoute Forwarding operated as haulage contractors and freight forwarders during the year. The remaining companies were dormant throughout the year.

	<u>£</u>
Cost of shares in U.K. based group companies at 1st April 1989 and at 31st March 1990	528,182

10. Debtors

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Group relief receivable	-	19,758
Amounts owed by subsidiaries	714,000	95,259
Other debtors	-	-
Prepayments	-	4,007
	<u>714,000</u>	<u>119,024</u>

F.C. BENNETT (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1990
 (continued)

11. Creditors: amounts falling due within one year

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Net obligations under finance lease and hire purchase contracts	-	2,935
Bank overdraft	-	419,069
Amounts owed to group companies	541,937	232,312
Other taxes and social security	510,000	8,247
Accruals and deferred income	-	25,225
Proposed dividend	-	-
	<u>1,051,937</u>	<u>687,788</u>

12. Called up share capital

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Authorised: 22,096 ordinary shares of £1 each	<u>22,096</u>	<u>22,096</u>
Issued and fully paid: 22,096 ordinary shares of £1 each	<u>22,096</u>	<u>22,096</u>

13. Reserves

	<u>Profit and loss account</u>
	<u>£</u>
At 1st April 1989	(35,851)
Retained profit for the year	<u>204,000</u>
At 31st March 1990	<u>168,149</u>

14. Ultimate holding company

The ultimate holding company is B.E.T. plc which is incorporated in Great Britain.